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# NEWS SUMMARY

## GENERAL

### Reagan moves to reassure Israel

President Ronald Reagan yesterday reassured Israel that the Awacs military aircraft sale to Saudi Arabia would not endanger Israeli security. He repeated his determination to help Israel "maintain its military and technological advantage."

In the Administration's first public comment on the Saudi peace plan for the Middle East, however, Mr Reagan said it was "a beginning point for negotiations," a remark bound to cause concern in Israel. Back Page; Vote boosts Reagan's fading magic Page 4

### Sweden protests over submarine

Sweden protested to Moscow about the Soviet submarine grounded near its naval base at Karlskrona and refused to let Soviet vessels rescue it. It called off a planned visit to Moscow by the armed forces chief.

An unidentified foreign submarine was sighted 19 miles from Karlskrona and driven off by naval ships and helicopters.

### Trident question

The U.S. announcement that it would phase out the smaller Trident missiles may cause the British Government to delay buying Trident submarines. Back Page; New nuclear strategy urged, Page 6

### Bill move fails

Labour peers failed to make a major alteration to the British Nationality Bill. Page 9

### Confidence law

A wide-ranging law on breach of confidence was proposed by the Law Commission. Page 7

### Fowler pledge

Legislation to protect the rights of mentally handicapped hospital patients will be introduced as soon as possible, Mr Norman Fowler, the Social Services Secretary, said.

### UN candidate

Panama's Foreign Minister Jorge Illueca was proposed to break the deadlock over selection of the next UN secretary-general.

### Ripper writ

A writ for damages against Yorkshire Ripper Peter Sutcliffe was issued by Mrs Irene MacDonald, the mother of his sixth victim.

### Bombings: 5 freed

Five Irishmen questioned in London about the recent IRA bombings were released.

### Test decision

India may decide today whether next month's England cricket tour will go ahead, the England Test and County Cricket Board said.

### Briefly . . .

Ford will raise car prices an average 3.7 per cent on November 10.

Solo British yachtsman Paul Rodgers left Australia to resume his attempt to circumnavigate the world twice.

Works of art will be excluded from France's private wealth tax.

### Legal Service

The Financial Times will expand its legal coverage next week. Three times a week, beginning on Tuesday, we will carry law reports of special interest to businessmen and commercial and company lawyers. They will be written by Dr Rachel Davies, a barrister. The regular legal columns The Week in the Courts and Business and the Courts (renamed Business Law) will continue to run on Mondays and Thursdays.

## BUSINESS

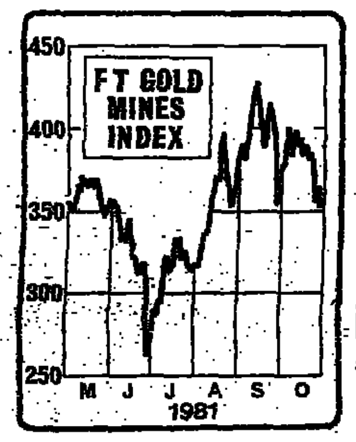
### $ weak in London; Gold Mines off 12.2

● DOLLAR weakened on easing of tension over Poland and publication of U.S. economic indicators for September. It closed in London at DM 2.27 (DM 2.289), FFr 5.696 (FFr 5.7485) and SwFr 1.8575 (SwFr 1.886). It was firmer against the yen at Y234.25 (Y233.9). Its trade-weighted index was 109.4 (109.9). Page 26

● STERLING improved 65 points on the day against the dollar to close in London at $1.832. It rose to Y429.5 (Y426.75), but weakened to DM 4.16 (DM 4.175), FFr 10.425 (FFr 10.495) and SwFr 3.405 (SwFr 3.4325). Its trade-weighted index was 88.5 (88.2). Page 26

● GOLD fell $7 to $424 in London. In New York the Comex November close was $426.9. Page 26

● EQUITIES: the FT 30-share index gained a point to close at 467.7, but the FT Gold Mines index was off 12.2 at 353.1, its lowest since August. Page 32



● GILTS: the FT Government Securities index gained 0.39 to 61.01. Page 32

● WALL STREET was 6.37 down at 831.24 near the close. Page 30

### Prime cut

● CONTINENTAL ILLINOIS, Chicago's largest bank, cuts its prime rate by half a percentage point to 17.5 per cent, paving the way for a general move to the lower rate. Back Page

● NORWICH UNION is considering legal action against the Greater London Council if its proposed Elephant and Castle office scheme is blocked. Property Column Page 10

● AEG-TELEFUNKEN, the electrical and electronics group, is asking the consortium of 23 German and Swiss banks which organised a DM 1.4bn (£336m) rescue two years ago to write off credits worth about DM 240m (£57.7m).

● JAPAN is insisting that ICL provide about £100m in guarantees to underwrite its agreement in principle to collaborate with the Fujitsu electronics group. Back Page

● SIGNETICS, the California semiconductor-making subsidiary of the Dutch Philips group, has asked 1,000 top engineers to consider a deferment of salary payments until the New Year. Back Page

● HOMFRAY AND CO., the West Yorkshire carpet maker, has gone into receivership a week after Blackwood Morton and Sons (Holdings)—BMK carpets. Page 20

● WILLIAM PRESS, the engineering contractor, has raised loss provisions of £3.5m against its £53m natural gas project in Cairo, and charged them against taxable profits, which, as a result, are £2.14m (£3.21m) for the half year to June 30. Page 20

● BAMBERS STORES increased pre-tax profits to £1.48m (£1.12m) for the six months to August 1. Page 26

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Exchqr 11½pc '84 | £91 | + ⅜ |
| Exchqr 12½pc '90 | £83⅜ | + ⅜ |
| Berec | 127 | + 11 |
| Burgess Products | 42 | + 6 |
| Finlan (J.) | 172 | + 6 |
| GEC | 683 | + 7 |
| Grange Trust | 148 | + 21 |
| Hanson Trust | 276 | + 16 |
| Hoover A | 87 | + 4 |
| Hopkinsons | 94 | + 11 |
| Mills and Allen | 410 | + 18 |
| Plessey | 306 | + 6 |
| Royal Bk Scotland | 160 | + 4 |
| Sainsbury (J.) | 435 | + 15 |
| Unilever | 580 | + 10 |
| Wassall (J. W.) | 29 | + 5 |
| BP | 300 | + 4 |

| FALLS | | |
|---|---|---|
| Coats Patons | 62½ | − 4½ |
| Commercial Union | 130 | − 3 |
| Oliver (G.) A | 100 | − 8 |
| Press (Wm) | 65 | − 8 |
| Richardsons W'gth | 20 | − 3 |
| Tilling (T.) | 134 | − 12 |
| Atlantic Res | 225 | − 15 |
| Candecca | 190 | − 8 |
| CRA | 176 | − 10 |
| North Broken Hill | 149 | − 8 |
| Peko-Wallsend | 325 | − 20 |
| RTZ | 440 | − 5 |
| Western Mining | 238 | − 10 |

# Picketing plans made ready at BL as strike looks probable

BY CHRISTIAN TYLER AND JOHN LLOYD

A STRIKE from Monday of BL's 58,000 car workers was looking probable yesterday as a round of conciliation talks failed and shop stewards reported mounting anger and solid support in the car plants.

Preparations are under way for blanket picketing of the plants. At Cowley, a skeleton picket will be arranged from midnight on Saturday, when the strike nominally starts. From early Monday, workers will be divided into squads to cover all the plant entrances.

Some stewards expressed fears of violence on the picket lines, but others dismissed these, as least at the two major sites, on the assumption that the strike call would be solidly obeyed.

Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, and Mr Dennis Boyd, chief conciliator, spoke again to BL and union officials last night. Acas was not ruling out the possibility of further developments today.

Separate visits to Acas by teams from both sides earlier in the day produced no basis for resuming negotiations. Union leaders said they would be standing by, but made it clear that they considered the next move was up to Sir Michael Edwardes, BL chairman, or the Government.

Mr Patrick Jenkin, Industry Secretary, gave a progress report on the dispute to the Cabinet yesterday. He is keeping in close touch with BL's board about any developments which might lead to liquidation since these would involve the Government as a major shareholder.

Labour MPs demanded an emergency debate, which was refused by Mr George Thomas, the Speaker. There was no immediate response from Ministers to the request for a statement, in spite of Mr Jenkin's presence in the Commons.

Short of a last-minute change in the pay offer from BL, or a climbdown by union leaders and stewards, BL looks set to try to face down a strike. It will open the plant gates on Monday and hope that strike support fades.

The near certainty of a massive response to the strike call, at least at the main car plants, was underlined yesterday in a variety of ways:

● Mr John Egan, managing director of Jaguar Cars, where industrial relations are traditionally good, told a meeting of senior shop stewards that while he believed the workers were loyal to the company they would inevitably obey the call.

Mr Egan's statement followed a week of meetings with shop floor workers in an attempt to persuade them to continue working.

● A poll in The Sun newspaper, taken on Tuesday at the main Longbridge and Cowley plants, showed that nearly 90 per cent of workers would take part in the strike. The poll showed only one in four of those surveyed believed Sir Michael would close the company and sack the workforce.

● Shop stewards at all major plants reported unprecedented anger, much of it apparently directed personally at Sir Michael.

Mr Wal Suett, a senior steward at Longbridge, said the

Continued on Back Page

The Government is not expected to fund the difference between its 4 per cent cash-limit public services pay provision and the 10.1 per cent settlement for the firemen. Whitehall made clear that individual councils would be left to make up the amount Page 8
Parliament Page 9

# Tebbit plans increase in unions' liability

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

PROPOSALS for reducing trade unions' legal immunities were put to Ministers yesterday by Mr Norman Tebbit, the new Employment Secretary, as part of a major package aimed at tightening the law on trade unions.

The changes would, it is understood, make trade union funds vulnerable to damages suits under certain circumstances and would therefore strike at the heart of existing trade union law. At present individual trade unionists, but not unions themselves, can be sued.

The aim would be to remove unions' immunity from legal action by employers where disputes were over issues which had no direct impact on the workers involved and for which the management affected had no responsibility.

This would be achieved by re-defining the kind of dispute given protection under the law. Precisely what this new definition is will not emerge for several weeks. Both the areeas likely to be no longer protected could include strikes in support of trade unions outside Britain or strikes as a result of inter union disputes, rather than disputes with the management.

The proposals go further than Mr James Prior, Mr Tebbit's predecessor, would have done, though they are not as tough as many Tory right-wingers and some employers' organisations would have liked.

Mr Tebbit yesterday also put forward a number of proposed changes to the law on the closed shop which Mr Prior had been planning, and are expected to form the basis of a new Employment Bill in the New Year.

These include making unions periodically ballot their members to test support for existing closed shops; a ban on "union only" clauses in contracts; and an increase in the compensation payable to workers sacked as a result of the operation of a closed shop.

Yesterday, when the latest proposals were discussed by ministers for the first time, the atmosphere was apparently quite amicable.

But Mr Tebbit could well face opposition on aspects of his package from some of his colleagues in future.

He is believed to have rejected demands to make union contracts legally enforceable. He has also rejected the idea of banning the closed shop.

Since he was appointed following the Government reshuffle last month, Mr Tebbit has been at pains to say that he backs Mr Prior's broad "step by step" approach to legislation and that he is not about to launch an all-out attack on the unions. His proposals may come as a disappointment to the Right but they will almost certainly be fiercely opposed by the unions.

Meanwhile, there are still some ministers who are concerned that making trade union funds vulnerable is tantamount to opening a Pandora's box of problems, and that such a change would create more difficulties than it would solve.

# Tilling in agreed bid for Berec

BY CHRISTINE MOIR

THOMAS TILLING unveiled an agreed last-minute bid package yesterday intended to rescue Berec, the battery company, from the unwelcome advances of Hanson Trust, whose offer is due to close tomorrow.

The Berec board has agreed to a one-for-one share offer from Tilling which, despite a 13p fall in Tilling's share price yesterday to 134p, is still nearly 20 per cent higher than Hanson's best offer of 113p by way of convertible shares.

Tilling's bid values Berec at £89.45m, but there is no cash alternative, something for which the Berec board had fought hard. Hanson offers two alternatives: Three of its own shares for every eight Berec, worth 103.5p yesterday after a 18p rise to 276p in Hanson's shares; or a simple cash offer of 105p.

The extra sweetener from Tilling lies in the dividend. Last year Berec's shareholders received a total 3.4p. If the bid goes through they will keep the 1.3p interim from Berec already announced and be entitled to Tilling's final dividend, which will be not less than 4p.

Mr Colin Stapleton, Berec's chairman, welcomed the bid from Tilling, not just on price, but on Tilling's management style, which includes "leaving existing management alone to get on with it."

By contrast, Hanson, a similarly widely diversified industrial holding company, has called Berec's board "inept" and planned sweeping management changes.

Mr Stapleton disclosed that Tilling had approached Berec two years ago with proposals for a takeover. Berec at the time wanted to remain independent.

Tilling said that it had planned for more than four years to break into a major new sector—it already has 12 very different divisions in various parts of the world—and had earmarked between £100m and £150m for a UK acquisition.

Sir Patrick Meaney, Tilling's chief executive, said he was confident Berec could make a full contribution to the group within a year, and that the initial dilution of Tilling's earnings would be only temporary.

He believed Berec's growth would be improved by Tilling's general management skills and by strategic acquisitions, using the Ever Ready brand name as a cornerstone.

Last night Mr Martin Taylor, a Hanson director, said Hanson would take its time over deciding "what, if anything" to do about the counter-bid.

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A cornerstone for expansion, Page 25

# Opec to reunify oil prices

By Richard Johns in Geneva

THE Organisation of Petroleum Exporting Countries last night agreed to reunify oil prices on a basis of $34 per barrel and to freeze prices until the end of 1982.

OPEC failed, however, to fix any clear guidelines for a system of value differentials in respect of the high quality crudes of the North African producers.

The pump price of UK petrol is expected to go up by 3p to 4p a gallon in the wake of the Opec price agreement, with similar increases for industrial oil products.

Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, said after the meeting of oil ministers in Geneva that Saudi production would fall as a result of the agreement but did not give any immediate details.

A communique issued after agreement had been reached made no mention of the upper price limit, but Sheikh Ali Khalifa al Sabah, the Kuwaiti Minister of Oil, and Dr Subroto, current president of Opec, said the maximum would be $4 above the reference set by the basic Saudi crude, Arabian Light 34°.

It is thought the differentials will be reviewed when the organisation meets in Abu Dhabi in December.

There was great satisfaction among delegates last night that a common price system had been adopted, following 32 months of disarray since the revolution in Iran.

Fine price compromise, it is understood, was held up by argument over the maximum that might be charged for the light, sulphur-free short-haul oil of Algeria, Libya and Nigeria, which have apparently been left some flexibility in deciding their prices.

Yesterday's decision was reached after two consecutive meetings had failed to reconcile differences. While a semblance of solidarity within Opec may now have been restored the organisation gathering the world's main exporters has had to pay dearly in agreeing for the first time to reduce prices.

Essentially, the agreement involves Saudi Arabia raising its price from $32 and the

Continued on Back Page

## £ in New York

| — | Oct. 28 | Previous |
|---|---|---|
| Spot | $1.8215-8235 | $1.8170-8190 |
| 1 month | 0.10-0.03dis | 0.12-0.05 dis |
| 3 months | 0.10dis-nil | 0.10 dis-nil |
| 12 months | 0.90-1.10pm | 0.90-1.10 pm |

# CBI warns more capacity and job cuts on way

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A WARNING that many companies are planning further cutbacks in capacity and employment, and are also extending their de-stocking was issued yesterday by the Confederation of British Industry when it published its quarterly trends survey of manufacturing industry.

The survey showed that there are no general signs of an upturn in demand or output, and that the recent increases in interest rates have knocked business confidence, which in July had shown slight signs of potential recovery.

But these gloomy findings—confirming that there are no general signs of recovery from the bottom of the recession—were tempered by optimistic forecasts on exports and productivity.

The fall in the value of sterling has helped exporters, especially on profit margins. But a large proportion still find their prices are uncompetitive.

There is also widespread evidence of substantial improvements in productivity which should help companies' profits when they can increase their output.

Company liquidity has also improved during the past year, partly because of extensive destocking and partly because the civil servants' strike enabled companies to delay tax payments.

But the need now for these taxes to be paid, plus the problem of high interest rates, may offset many of the gains, according to CBI forecasters.

The CBI's economists expect employment levels in manufacturing companies to fall by about 100,000 in the next three months. This is considerably less than figures of over 200,000 recorded in the same period last year.

Mr James Cleminson, chairman of the CBI's economic situation committee, stressed yesterday that the slump in confidence had been caused by the rise of 4 percentage points in interest rates. Without that

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Industry optimism weakens, Page 8

# ICI reports £86m third quarter pre-tax profit

BY MARTIN DICKSON

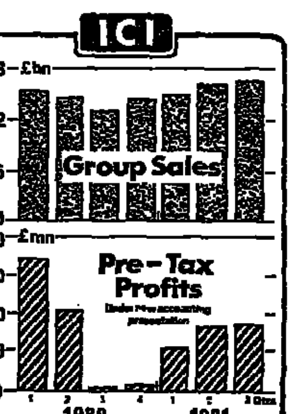
IMPERIAL Chemical Industries, Britain's biggest manufacturing company, yesterday reported third quarter pre-tax profit of £86m—up £3m on the second quarter and a substantial £83m improvement on the comparable period last year.

The results were at the upper end of the range expected by the stock market. ICI shares rose 10p to 274p before closing at 266p, up 2p on the day.

The figures took the group's pre-tax profit for the first nine months of the year to £221m on sales of £4.75bn, compared with £277m in the same period of last year on sales of £4.28bn. Third quarter sales of £1.65bn were £48m above those in the second quarter.

The company said the lower value of the pound was largely responsible for the maintenance of third quarter profits at a similar level to the second quarter. The seasonal factors which normally caused a deterioration in trading conditions between the two quarters had been less marked this year.

Group chemicals sales were down only 2 per cent in volume compared with the second quarter. The company managed to improve selling prices by 1 per cent. Currency changes boosted the value of sales by 5 per cent.



ICI said that the UK market had been particularly slow to improve. Chemical sales volume for the first nine months of 1981 was 6 per cent below the corresponding period of last year.

Third quarter exports from the UK totalled £356m, a £16m fall from the same period of last year.

This was because of a reduction in exports from its North Sea oil interests.

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For latest Share Index phone 01-246 8026

# EUROPEAN NEWS

## Nobel Peace Prize gives welcome shot in the arm to refugee body

BY BRIJ KHINDARIA IN GENEVA

WINNING THE 1981 Nobel Peace Prize is a welcome shot in the arm for the United Nations High Commissioner for Refugees (UNHCR), whose prestige and fortunes are sagging in spite of its unique humanitarian role.

Although the UNHCR has been the first to take large risks to enter trouble spots in recent years and has probably saved millions of lives, it is currently under intense criticism both from member governments and some of its own senior staff.

This year the UNHCR will have spent more than $460m (£255m) on aiding refugees—a sum twice as large as that at the disposal of the World Health Organisation (WHO), which has much more complex and wider tasks.

The UNHCR's budget has grown spectacularly from $126m (£70m) in 1978. It was less than $16m when the organisation was created in 1951 to handle problems of refugees escaping Eastern Europe's Communist regimes.

Since then, the character of the refugee problem has changed dramatically, spreading around the world and forcing the UNHCR to open offices in 80 countries and raise its staff from 123 in 1955 to more than 1,500 this year.

The growth has prompted some soul searching within the organisation. At the same time, the U.S. and Britain think that a redefinition of UNHCR's role is long overdue.

In fact, the UNHCR's size has burgeoned to keep pace with an explosion in the number of refugees from tens of thousands in the 1950s to more than 10m now, including 5m in Africa and 2.2m in Pakistan.

The organisation is under pressure from Western countries which pay 90 per cent of its bills, to rein itself in. But it is trying to do this with some trepidation because a new conflict might put another million peolpe on the road to refugee camps.

The incursion by South African troops into Angola from Namibia in late August highlights the unpredictability of the refugee problem. About 130,000 Angolans fled the south of the country, adding to the 430,000 already crowded into makeshift camps. Their only succour was provided by the UNHCR, helped by the United Nations Disaster Relief Organisation which was called in mainly beause of confusion about whether, in United Nations jargon, the fleeing Angolans were refugees.

Technically, the UNHCR can help only those who cross national frontiers to seek protection against political or other kinds of persecution. But it is increasingly dragged into looking after people fleeing guerrilla wars and simply migrating from one area of a country to another. Almost half the refugees in Africa are such people.

To make matters worse, the UNHCR has found that poor nations giving shelter to refugees face economic ruin because they cannot even support all of their own people. The refugees cannot be cared for without helping host governments create roads, sanitary facilities and provide drinking water. Such actions are far beyond UNHCR's founding mandate.

Refugees exert enormous strains on their hosts. India cited the presence of 11m refugees from East Pakistan as one of the reasons for going to war with Pakistan to create Bangladesh in 1971. The south east Asian coastal states at one point preferred to force the Vietnamese boat people away. Famished locals in African countries took to raiding refugee camps to get a share in food and other supplies they felt they had a greater right to receive.

Even the U.S. was forced to clamp down on arrivals from Cuba and Haiti last year because of protests from its underprivileged black and Hispanic minorities. One result of the U.S. experience was an insistence by Washington that the UNHCR should distinguish more effectively between genuine refugees and "economic immigrants," who use refugee status as an excuse to move across borders simply to win better lives.

Current arguments on trade and aid among rich and poor countries could benefit the UNHCR. Although the problems debated at such meetings as the Cancun summit are outside the organisation's scope, it could benefit because future aid will be increasingly focused on humanitarian lines rather than to solve major problems of economic development, according to senior Western diplomats.

But the UNHCR will have to do more than just pull up its socks if it is to win the confidence of its members. The criticism voiced by 40 of its main member governments at a recent meeting of its policy-setting executive committee here last week revealed profound dissatisfaction with how the organisation spends its money.

Mr Poul Hartling, the High Commissioner for Refugees, who is a 67-year-old former Danish Prime Minister, was charged with condoning mismanagement and wastage of resources. Since refugees are created by political upheaval, Mr Hartling was also caught in a cross-fire between those who want more money from him and those who want him to be more parsimonious, particularly when people are uprooted because of interference by Soviet-backed regimes.

But Mr Hartling's fortunes seem to hinge more on what he cannot prevent than on what he can do. Ironically, the Soviet invasion of Afghanistan was a boon for him because it brought home the UNHCR's relevance to the U.S.

To allay Western concerns, Mr Hartling has ordered a major overhaul of the UNHCR's administration methods and is hiring new senior staff at a cost of $700,000.

Western nations were relieved to see at the executive committee meeting that the UNHCR's 1982 budget will fall to $421m. The committee also appointed Mr Hartling's predecessor, the Saddrudin Aga Khan, to report on "the root causes of mass flows" of refugees to give clearer forecasts of refugee movements.

Mr Poul Hartling, the United Nations High Commissioner for Refugees: caught in a cross-fire

## Bonn Social Democrats' support falls to 33%

BY ROGER BOYES IN BONN

WEST GERMANS were warned by Chancellor Helmut Schmidt yesterday that they were facing a "very, very hard winter" and that they would have to make do with significantly lower living standards. But while the Chancellor was talking primarily of economic sacrifice, an opinion poll made clear yesterday that the Bonn coalition is also confronted with serious political challenges over the coming months.

The authoritative Allensbach polling institute has found that only 33 per cent of the electorate supports the Social Democratic Party, 10 per cent less than at the general elections a year ago. This is an even worse result than that recorded in 1974 during the months before Chancellor Willy Brandt resigned.

The beneficiaries of this unpopularity are, on the one hand, the opposition Christian Democrats who would win an absolute majority with 50.3 per cent of the vote if an election were held now and the small "green" anti-nuclear party which would win 5.8 per cent and thus representation in Parliament.

The SPD's coalition partner, the Free Democratic Party, would gain 9.7 per cent, according to the poll. This is only slightly lower than its October 1980 election showing.

Although the poll clearly contains some margin of error, it underlines the difficulty facing the SPD in a string of State elections next year, as well as the party's dependency on Herr Schmidt. The Chancellor's personal popularity has consistently outstripped that of the party as a whole. It will also be a boost to the Christian Democrats who hold an important congress next week aimed at representing the party as a strong alternative to the Government.

The winter months, as Herr Schmidt indicated in his budget speech to the Bundestag, are scarcely going to make the ruling coalition more popular. West Germans, he said, would have to put up with the living standards they enjoyed in 1978.

New Issue
October 30, 1981

All these bonds having been sold, this announcement appears as a matter of record only.

SEK

**Aktiebolaget Svensk Exportkredit**
(Swedish Export Credit Corporation)
Stockholm

**DM 100,000,000**
**10¼% Bonds due 1991**

WESTDEUTSCHE LANDESBANK GIROZENTRALE

DEUTSCHE BANK Aktiengesellschaft
DRESDNER BANK Aktiengesellschaft
ALGEMENE BANK NEDERLAND N.V.

CREDIT COMMERCIAL DE FRANCE
KUWAIT INTERNATIONAL INVESTMENT CO. S.A.K.
PKB INVESTMENTS LIMITED

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SVENSKA HANDELSBANKEN
SWISS BANK CORPORATION INTERNATIONAL Limited

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Alahli Bank of Kuwait (K.S.C.)
Amro International Limited
Banca Commerciale Italiana
Banca del Gottardo
Bank of America International Limited
The Bank of Bermuda Limited
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Mees & Hope NV
Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg Société Anonyme
Banque de l'Indochine et de Suez
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Nordeurope S.A.
Banque de Paris et des Pays-Bas
Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Bergen Bank
Berliner Handels- und Frankfurter Bank
Blyth Eastman Paine Webber International Limited
Caisse des Dépôts et Consignations
Chase Manhattan Limited
Chemical Bank International Group
Christiania Bank og Kreditkasse
Citicorp International Group
Commerzbank Aktiengesellschaft
Copenhagen Handelsbank A/S
County Bank Limited
Creditanstalt-Bankverein
Crédit Lyonnais
Credito Italiano
Credit Suisse First Boston Limited
Daiwa Europe Limited
Richard Daus & Co. Bankiers
Den Danske Bank af 1871 Aktieselskab
Den norske Creditbank
DG Bank Deutsche Genossenschaftsbank
Deutsche Girozentrale – Deutsche Kommunalbank –
Deutsch-Skandinavische Bank AG
Dillon, Read Overseas Corporation
Dominion Securities Ames Limited
Effectenbank-Warburg Aktiengesellschaft
Euromobiliare S.p.A.
Fuji International Finance Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Gotabanken
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Hamburgische Landesbank – Girozentrale –
Handelsbank N.W. (Overseas) Limited
Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien
Hessische Landesbank – Girozentrale –
Hill Samuel & Co. Limited
The Hongkong Bank Group
Industriebank von Japan (Deutschland) Aktiengesellschaft
Kansallis-Osake-Pankki
Kidder, Peabody International Limited
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn Loeb Lehman Brothers International, Inc.
Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
Kuwait Investment Company (S.A.K.)
Bankhaus Hermann Lampe Kommanditgesellschaft
Landesbank Rheinland-Pfalz Girozentrale
Landesbank Schleswig-Holstein Girozentrale
Lloyds Bank International Limited
LTCB International Limited
Manufacturers Hanover Limited
McLeod Young Weir International Limited
Merck, Finck & Co.
Merrill Lynch International & Co.
B. Metzler seel. Sohn & Co.
Mitsubishi Bank (Europe) S.A.
Mitsui Trust Bank Europe S.A.
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## Moscow firm over arms race

By David Satter in Moscow

A GROUP of British Members of Parliament said yesterday that the Soviet Union was facing the worst food shortages in more than 20 years, but was ready to make further economic sacrifices in order not to be defeated in any new arms race.

Mr John Osborne, a Conservative member of the delegation, said Soviet officials with whom the group spoke—including Mr Vasily Kutnetsov, the Soviet First Vice President — made clear the country would go as far "as necessary in order to keep up with the United States."

In the Soviet economy, the military have the first claim on all resources and any increase in arms expenditures has immediate ripple effects, creating shortages of men, equipment and materials throughout the economy. The effect on agriculture of the diversion of resources which is believed to have resulted from higher military spending has been aggravated by the results of three consecutive bad grain harvests.

In September, a confidential letter read out to party members at closed meetings warned of the worst food supply situation in memory this winter and called for strict measures.

Mr Dmitri Ustinov, the Defence Minister, is reported to have referred to Soviet unpreparedness at the beginning of the Second World War at a recent election meeting in a northern area where local officials complained about food shortages.

"We cannot afford another 1941, everything is being spent on war," he was quoted as saying.

Mr Osborne said the British group, which was the guest of the Soviet-British parliamentary group in Moscow, was told that the Soviet Union was concerned that the U.S. was trying to weaken the Soviet economy by increasing arms developments, a tactic which Soviet officials warned would not work.

The British MP said he had the impression the Soviet leaders were sincere about wanting to reduce armaments but pessimistic that it could be achieved. Other members of the group said they explained to the Soviet leaders Western fears about a continuing Soviet arms build-up but received no positive response.

### Grain shortage

PRAGUE — Czechoslovakia's Communist leaders said yesterday that the country had failed to meet a key grain harvest target and it could not afford imports to make up the difference.

Grain harvests this year fell 1.6m tons short of the country's unprecedented target of 11.06m tons, a goal officials conceded could not have been reached without better weather.
AP

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| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 6 | 27 | 38 | 49 | 60 | 71 | 82 | 84 | 95 | 106 |
| 127 | 138 | 149 | 160 | 171 | 182 | 184 | 195 | 206 | 227 |
| 238 | 249 | 260 | 271 | 282 | 284 | 295 | 306 | 327 | 338 |
| 349 | 360 | 371 | 382 | 384 | 395 | 406 | 427 | 438 | 449 |
| 460 | 471 | 482 | 484 | 495 | 506 | 527 | 538 | 549 | 560 |
| 571 | 582 | 584 | 595 | 606 | 627 | 638 | 649 | 660 | 671 |
| 682 | 684 | 695 | 706 | 727 | 738 | 749 | 760 | 771 | 782 |
| 784 | 795 | 806 | 827 | 838 | 849 | 860 | 871 | 882 | 884 |
| 895 | 906 | 927 | 938 | 949 | 960 | 971 | 982 | 984 | 995 |
| 1006 | 1027 | 1038 | 1049 | 1060 | 1071 | 1082 | 1084 | 1095 | 1106 |
| 1127 | 1138 | 1149 | 1160 | 1171 | 1182 | 1184 | 1195 | 1206 | 1227 |
| 1238 | 1249 | 1260 | 1271 | 1282 | 1284 | 1295 | 1306 | 1327 | 1338 |
| 1349 | 1360 | 1371 | 1382 | 1384 | 1395 | 1406 | 1427 | 1438 | 1449 |
| 1460 | 1471 | 1482 | 1484 | 1495 | 1506 | 1527 | 1538 | 1549 | 1560 |
| 1571 | 1582 | 1584 | 1595 | 1606 | 1627 | 1638 | 1649 | 1660 | 1671 |
| 1682 | 1684 | 1695 | 1706 | 1727 | 1738 | 1749 | 1760 | 1771 | 1782 |
| 1784 | 1795 | 1806 | 1827 | 1838 | 1849 | 1860 | 1871 | 1882 | 1884 |
| 1895 | 1906 | 1927 | 1938 | 1949 | 1960 | 1971 | 1982 | 1984 | 1995 |
| 2006 | 2027 | 2038 | 2049 | 2060 | 2071 | 2082 | 2084 | 2095 | 2106 |
| 2127 | 2138 | 2149 | 2160 | 2171 | 2182 | 2184 | 2195 | 2206 | 2227 |
| 2238 | 2249 | 2260 | 2271 | 2282 | 2284 | 2295 | 2306 | 2327 | 2338 |
| 2349 | 2360 | 2371 | 2382 | 2384 | 2395 | 2406 | 2427 | 2438 | 2449 |
| 2460 | 2471 | 2482 | 2484 | 2495 | 2506 | 2527 | 2538 | 2549 | 2560 |
| 2571 | 2582 | 2584 | 2595 | 2606 | 2627 | 2638 | 2649 | 2660 | 2671 |
| 2682 | 2684 | 2695 | 2706 | 2727 | 2738 | 2749 | 2760 | 2771 | 2782 |
| 2784 | 2795 | 2806 | 2827 | 2838 | 2849 | 2860 | 2871 | 2882 | 2884 |
| 2895 | 2906 | 2927 | 2938 | 2949 | 2960 | 2971 | 2982 | 2984 | 2995 |
| 3006 | 3027 | 3038 | 3049 | 3060 | 3071 | 3082 | 3084 | 3095 | 3106 |
| 3127 | 3138 | 3149 | 3160 | 3171 | 3182 | 3184 | 3195 | 3206 | 3227 |
| 3238 | 3249 | 3260 | 3271 | 3282 | 3284 | 3295 | 3306 | 3327 | 3338 |
| 3349 | 3360 | 3371 | 3382 | 3384 | 3395 | 3406 | 3427 | 3438 | 3449 |
| 3460 | 3471 | 3482 | 3484 | 3495 | 3506 | 3527 | 3538 | 3549 | 3560 |
| 3571 | 3582 | 3584 | 3595 | 3606 | 3627 | 3638 | 3649 | 3660 | 3671 |
| 3682 | 3684 | 3695 | 3706 | 3727 | 3738 | 3749 | 3760 | 3771 | 3782 |
| 3784 | 3795 | 3806 | 3827 | 3838 | 3849 | 3860 | 3871 | 3882 | 3884 |
| 3895 | 3906 | 3927 | 3938 | 3949 | 3960 | 3971 | 3982 | 3984 | 3995 |
| 4006 | 4027 | 4038 | 4049 | 4060 | 4071 | 4082 | 4084 | 4095 | 4106 |
| 4127 | 4138 | 4149 | 4160 | 4171 | 4182 | 4184 | 4195 | 4206 | 4227 |
| 4238 | 4249 | 4260 | 4271 | 4282 | 4284 | 4295 | 4306 | 4327 | 4338 |
| 4349 | 4360 | 4371 | 4382 | 4384 | 4395 | 4406 | 4427 | 4438 | 4449 |
| 4460 | 4471 | 4482 | 4484 | 4495 | 4506 | 4527 | 4538 | 4549 | 4560 |
| 4571 | 4582 | 4584 | 4595 | 4606 | 4627 | 4638 | 4649 | 4660 | 4671 |
| 4682 | 4684 | 4695 | 4706 | 4727 | 4738 | 4749 | 4760 | 4771 | 4782 |
| 4784 | 4795 | 4806 | 4827 | 4838 | 4849 | 4860 | 4871 | 4882 | 4884 |
| 4895 | 4906 | 4927 | 4938 | 4949 | 4960 | 4971 | 4982 | 4984 | 4995 |
| 5006 | 5027 | 5038 | 5049 | 5060 | 5071 | 5082 | 5084 | 5095 | 5106 |
| 5127 | 5138 | 5149 | 5160 | 5171 | 5182 | 5184 | 5195 | 5206 | 5227 |
| 5238 | 5249 | 5260 | 5271 | 5282 | 5284 | 5295 | 5306 | 5327 | 5338 |
| 5349 | 5360 | 5371 | 5382 | 5384 | 5395 | 5406 | 5427 | 5438 | 5449 |
| 5460 | 5471 | 5482 | 5484 | 5495 | 5506 | 5527 | 5538 | 5549 | 5560 |
| 5571 | 5582 | 5584 | 5595 | 5606 | 5627 | 5638 | 5649 | 5660 | 5671 |
| 5682 | 5684 | 5695 | 5706 | 5727 | 5738 | 5749 | 5760 | 5771 | 5782 |
| 5784 | 5795 | 5806 | 5827 | 5838 | 5849 | 5860 | 5871 | 5882 | 5884 |
| 5895 | 5906 | 5927 | 5938 | 5949 | 5960 | 5971 | 5982 | 5984 | 5995 |
| 6006 | 6027 | 6038 | 6049 | 6060 | 6071 | 6082 | 6084 | 6095 | 6106 |
| 6127 | 6138 | 6149 | 6160 | 6171 | 6182 | 6184 | 6195 | 6206 | 6227 |
| 6238 | 6249 | 6260 | 6271 | 6282 | 6284 | 6295 | 6306 | 6327 | 6338 |
| 6349 | 6360 | 6371 | 6382 | 6384 | 6395 | 6406 | 6427 | 6438 | 6449 |
| 6460 | 6471 | 6482 | 6484 | 6495 | 6506 | 6527 | 6538 | 6549 | 6560 |
| 6571 | 6582 | 6584 | 6595 | 6606 | 6627 | 6638 | 6649 | 6660 | 6671 |
| 6682 | 6684 | 6695 | 6706 | 6727 | 6738 | 6749 | 6760 | 6771 | 6782 |
| 6784 | 6795 | 6806 | 6827 | 6838 | 6849 | 6860 | 6871 | 6882 | 6884 |
| 6895 | 6906 | 6927 | 6938 | 6949 | 6960 | 6971 | 6982 | 6984 | 6995 |
| 7006 | 7027 | 7038 | 7049 | 7060 | 7071 | 7082 | 7084 | 7095 | 7106 |
| 7127 | 7138 | 7149 | 7160 | 7171 | 7182 | 7184 | 7195 | 7206 | 7227 |
| 7238 | 7249 | 7260 | 7271 | 7282 | 7284 | 7295 | 7306 | 7327 | 7338 |
| 7349 | 7360 | 7371 | 7382 | 7384 | 7395 | 7406 | 7427 | 7438 | 7449 |
| 7460 | 7471 | 7482 | 7484 | 7495 | 7506 | 7527 | 7538 | 7549 | 7560 |
| 7571 | 7582 | 7584 | 7595 | 7606 | 7627 | 7638 | 7649 | 7660 | 7671 |
| 7682 | 7684 | 7695 | 7706 | 7727 | 7738 | 7749 | 7760 | 7771 | 7782 |
| 7784 | 7795 | 7806 | 7827 | 7838 | 7849 | 7860 | 7871 | 7882 | 7884 |
| 7895 | 7906 | 7927 | 7938 | 7949 | 7960 | 7971 | 7982 | 7984 | 7995 |
| 8006 | 8027 | 8038 | 8049 | 8060 | 8071 | 8082 | 8084 | 8095 | 8106 |
| 8127 | 8138 | 8149 | 8160 | 8171 | 8182 | 8184 | 8195 | 8206 | 8227 |
| 8238 | 8249 | 8260 | 8271 | 8282 | 8284 | 8295 | 8306 | 8327 | 8338 |
| 8349 | 8360 | 8371 | 8382 | 8384 | 8395 | 8406 | 8427 | 8438 | 8449 |
| 8460 | 8471 | 8482 | 8484 | 8495 | 8506 | 8527 | 8538 | 8549 | 8560 |
| 8571 | 8582 | 8584 | 8595 | 8606 | 8627 | 8638 | 8649 | 8660 | 8671 |
| 8682 | 8684 | 8695 | 8706 | 8727 | 8738 | 8749 | 8760 | 8771 | 8782 |
| 8784 | 8795 | 8806 | 8827 | 8838 | 8849 | 8860 | 8871 | 8882 | 8884 |
| 8895 | 8906 | 8927 | 8938 | 8949 | 8960 | 8971 | 8982 | 8984 | 8995 |
| 9006 | 9027 | 9038 | 9049 | 9060 | 9071 | 9082 | 9084 | 9095 | 9106 |
| 9127 | 9138 | 9149 | 9160 | 9171 | 9182 | 9184 | 9195 | 9206 | 9227 |
| 9238 | 9249 | 9260 | 9271 | 9282 | 9284 | 9295 | 9306 | 9327 | 9338 |
| 9349 | 9360 | 9371 | 9382 | 9384 | 9395 | 9406 | 9427 | 9438 | 9449 |
| 9460 | 9471 | 9482 | 9484 | 9495 | 9506 | 9527 | 9538 | 9549 | 9560 |
| 9571 | 9582 | 9584 | 9595 | 9606 | 9627 | 9638 | 9649 | 9660 | 9671 |
| 9682 | 9684 | 9695 | 9706 | 9727 | 9738 | 9749 | 9760 | 9771 | 9782 |
| 9784 | 9795 | 9806 | 9827 | 9838 | 9849 | 9860 | 9871 | 9882 | 9884 |
| 9895 | 9906 | 9927 | 9938 | 9949 | 9960 | 9971 | 9982 | 9984 | 9995 |
| 10006 | 10027 | 10038 | 10049 | 10060 | 10071 | 10082 | 10084 | 10095 | 10106 |
| 10127 | 10138 | 10149 | 10160 | 10171 | 10182 | 10184 | 10195 | 10206 | 10227 |
| 10238 | 10249 | 10260 | 10271 | 10282 | 10284 | 10295 | 10306 | 10327 | 10338 |
| 10349 | 10360 | 10371 | 10382 | 10384 | 10395 | 10406 | 10427 | 10438 | 10449 |
| 10460 | 10471 | 10482 | 10484 | 10495 | 10506 | 10527 | 10538 | 10549 | 10560 |
| 10571 | 10582 | 10584 | 10595 | 10606 | 10627 | 10638 | 10649 | 10660 | 10671 |
| 10682 | 10684 | 10695 | 10706 | 10727 | 10738 | 10749 | 10760 | 10771 | 10782 |
| 10784 | 10795 | 10806 | 10827 | 10838 | 10849 | 10860 | 10871 | 10882 | 10884 |
| 10895 | 10906 | 10927 | 10938 | 10949 | 10960 | 10971 | 10982 | 10984 | 10995 |
| 11006 | 11027 | 11038 | 11049 | 11060 | 11071 | 11082 | 11084 | 11095 | 11106 |
| 11127 | 11138 | 11149 | 11160 | 11171 | 11182 | 11184 | 11195 | 11206 | 11227 |
| 11238 | 11249 | 11260 | 11271 | 11282 | 11284 | 11295 | 11306 | 11327 | 11338 |
| 11349 | 11360 | 11371 | 11382 | 11384 | 11395 | 11406 | 11427 | 11438 | 11449 |
| 11460 | 11471 | 11482 | 11484 | 11495 | 11506 | 11527 | 11538 | 11549 | 11560 |
| 11571 | 11582 | 11584 | 11595 | 11606 | 11627 | 11638 | 11649 | 11660 | 11671 |
| 11682 | 11684 | 11695 | 11706 | 11727 | 11738 | 11749 | 11760 | 11771 | 11782 |
| 11784 | 11795 | 11806 | 11827 | 11838 | 11849 | 11860 | 11871 | 11882 | 11884 |
| 11895 | 11906 | 11927 | 11938 | 11949 | 11960 | 11971 | 11982 | 11984 | 11995 |
| 12006 | 12027 | 12038 | 12049 | 12060 | 12071 | 12082 | 12084 | 12095 | 12106 |
| 12127 | 12138 | 12149 | 12160 | 12171 | 12182 | 12184 | 12195 | 12206 | 12227 |
| 12238 | 12249 | 12260 | 12271 | 12282 | 12284 | 12295 | 12306 | 12327 | 12338 |
| 12349 | 12360 | 12371 | 12382 | 12384 | 12395 | 12406 | 12427 | 12438 | 12449 |
| 12460 | 12471 | 12482 | 12484 | 12495 | 12506 | 12527 | 12538 | 12549 | 12560 |
| 12571 | 12582 | 12584 | 12595 | 12606 | 12627 | 12638 | 12649 | 12660 | 12671 |
| 12682 | 12684 | 12695 | 12706 | 12727 | 12738 | 12749 | 12760 | 12771 | 12782 |
| 12784 | 12795 | 12806 | 12827 | 12838 | 12849 | 12860 | 12871 | 12882 | 12884 |
| 12895 | 12906 | 12927 | 12938 | 12949 | 12960 | 12971 | 12982 | 12984 | 12995 |
| 13006 | 13027 | 13038 | 13049 | 13060 | 13071 | 13082 | 13084 | 13095 | 13106 |
| 13127 | 13138 | 13149 | 13160 | 13171 | 13182 | 13184 | 13195 | 13206 | 13227 |
| 13238 | 13249 | 13260 | 13271 | 13282 | 13284 | 13295 | 13306 | 13327 | 13338 |
| 13349 | 13360 | 13371 | 13382 | 13384 | 13395 | 13406 | 13427 | 13438 | 13449 |
| 13460 | 13471 | 13482 | 13484 | 13495 | 13506 | 13527 | 13538 | 13549 | 13560 |
| 13571 | 13582 | 13584 | 13595 | 13606 | 13627 | 13638 | 13649 | 13660 | 13671 |
| 13682 | 13684 | 13695 | 13706 | 13727 | 13738 | 13749 | 13760 | 13771 | 13782 |
| 13784 | 13795 | 13806 | 13827 | 13838 | 13849 | 13860 | 13871 | 13882 | 13884 |
| 13895 | 13906 | 13927 | 13938 | 13949 | 13960 | 13971 | 13982 | 13984 | 13995 |
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| 14571 | 14582 | 14584 | 14595 | 14606 | 14627 | 14638 | 14649 | 14660 | 14671 |
| 14682 | 14684 | 14695 | 14706 | 14727 | 14738 | 14749 | 14760 | 14771 | 14782 |
| 14784 | 14795 | 14806 | 14827 | 14838 | 14849 | 14860 | 14871 | 14882 | 14884 |
| 14895 | 14906 | 14927 | 14938 | 14949 | 14960 | 14971 | 14982 | 14984 | 14995 |

On 28th November, 1981 there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:-

S. G. WARBURG & CO. LTD.,
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U.S.$1,500,000 nominal value will remain outstanding after 28th November, 1981.

The following Bonds previously drawn for redemption on the dates given below have not yet been presented for payment.

Due 28th November, 1975
Bond No. 3958 becomes prescribed on 28th November, 1981

Due 28th November, 1978
4579 14553

Due 28th November, 1979
18 3018 3959 13548 14118

Due 28th November, 1980
29 104 3829 5940 5951 14551 14562

30, Gresham Street, London, EC2P 2EB.
30th October, 1981

# Paribas loses control of Belgian group

BY GILES MERRITT IN BRUSSELS

PARIBAS HAS definitely lost control of its main Belgian subsidiary, the Cobepa financial holdings group, it was confirmed in both Brussels and Paris last night.

The loss means that the Paribas French banking and industrial holdings group facing nationalisation has now had almost a third of its net worth outside France wrested from its control in less than a week.

The news that Cobepa, which accounts for an estimated 20 per cent of Paribas' worth abroad, is no longer controlled by the French group comes just six days after confirmation that it had been deprived of control of Paribas-Suisse, the Swiss affiliate that held 10 per cent of its overseas interests.

Paribas officials have conceded in Paris that the French group now holds less than 50 per cent of Cobepa's equity. At the same time leading Belgian financial institutions revealed that the key share transactions in the deal that deprived Paribas of is 59.6 per cent stake in Cobepa were conducted on October 23.

There is now growing speculation, however, that the turnaround in which Cobepa, itself the third largest financial holdings group in Belgium, has broken loose from French control is just the first step in a takeover strategy. It is being suggested that a public offer for Copeba shares may shortly be made by the Geneva-based Pargesa Holdings concern that was also the vehicle used to win control of Paribas-Suisse away from its French parent.

The position last night was that, while no precise breakdown of Cobepa's equity distribution is available, it is clear that a group of Belgian financial interests holds an unassailable blocking minority. They are the Frere-Bourgeois group, which has major steel and engineering holdings, and the Germeau and Vaxellaire families.

Paribas's loss of Cobepa hinges on share transfers that Belgian experts maintain involved the ceding by Paribas-France to Paribas-Suisse of "more than 9 per cent" of Cobepa's equity, followed by the transfer of 20 per cent of Paribas-Suisse stock to Sobepa. But to consolidate control of the Belgian holdings group it would be necessary to make a public offer to the smaller Belgian shareholders in Cobepa.

The news that Cobepa, which controls four of the smaller Belgian banks and 10 subsidiary holding companies in the fields of industry and property, is now effectively under Belgian control coincides with the recent announcement by the Belgian Government that it believes the nationalisation compensation terms likely to be offered by the French Government will be "inadequate"

# Polish party leaders pull back from strike ban threat

BY CHRISTOPHER BOBINSKI IN WARSAW

THE THREAT by Poland's Communist Party leaders to ban strikes has been withdrawn and today's parliamentary session will vote instead on a strongly-worded appeal against work stoppages. The ban would have been hard to implement and would have brought the authorities into immediate conflict with the Solidarity union movement.

The party leadership was urged to make strikes illegal by a central committee meeting earlier in the month. But at a subsequent meeting General Wojciech Jaruzelski, the Prime Minister and party leader, implied that the ban might be replaced by an appeal for the time being. The 200 central committee members left the matter for him to decide.

Observers at the committee meeting noted that a more pragmatic mood dominated, suggesting that the General, who is a moderate, has won the initiative against hard-line pressure to crack down on Solidarity.

The authorities now have until the Solidarity national committee meeting next Tuesday to find some kind of agreement with the union on its central demand for a prominent role in determining national economic policy in co-operation with the Government.

Meanwhile, economically damaging strikes are continuing in Tarnobrzeg and Zyrardow. Only in Zielona Gora were there signs of agreement soon. Yesterday Solidarity offices in Skrzysko Kamienna, south-west of Warsaw, were severely damaged by unknown assailants, producing a new stoppage in the town.

The strike at the Sosnowice mine in Silesia was also continuing. Test tubes of toxic gas were thrown at a group of miners two days ago and people were treated in hospital.

Gen Jaruzelski will present government changes for Parliament's approval today. Mr Stanislaw Mach, a Deputy Prime Minister, is to be replaced by Mr Edward Kowalczyk, leader of the small Democratic Party, once a docile satellite grouping which is increasingly self-assertive.

The Democratic Party, which has 37 seats, opposed the strike ban as did the six-man Pax Catholic group, led by Mr Richard Reiff.

Mr Zenon Komender, a Pax deputy is to be made Minister of Internal Trade, one of the least popular jobs in the Government at this time of widespread shortages. Other changes include the replacement of Mr Richard Karksi, the Foreign Trade Minister, by Mr Tadeusz Nestorowicz, the First Deputy Minister.

These and other changes, however, are a far cry from the coalition government which prominent intellectuals have called for in the past few weeks as a way of giving the authorities more credibility. Gen. Jaruzelski's suggestions for giving a more genuine role to the National Unity Front, an umbrella organisation which has processed candidates for Parliament in the past, are seen as insufficient, even by the Democratic and Peasant parties in Parliament itself.

**David Housego** examines the outcome of the French Socialist Party congress

# First taste of frustration for Mitterrand

THE Socialist Party Congress at Valence last weekend seems likely to go down as a landmark in the history of M Mitterrand's Presidency. His Government has had its first taste of the responsibility of power. It has also begun to feel the frustrations.

The frustrations accounted for the violence of many of the speeches at Valence and for the apparent leftwards shift of the party.

The Congress also showed an intolerance of criticism and a taste for purging its opponents from the upper ranks of the administration and the broadcasting networks that was out of character with its commitments to the ideals of free speech. An opposition deputy unkindly dubbed the Socialist militants as the "ayatollahs of Valence."

The immediate question is whether this radicalisation is an augury or a flash in the pan. The belief in Paris is that the Government wants to dampen it down but that it could intensify during the continuing battles over the Nationalisation Bill and the 1982 budget.

The government was certainly responsible for generating some of the storm itself. It had been made to look foolish by the ease with which a foreign banking group wrenched Paribas Suisse from its grasp before the takeover of the Paribas industrial and banking empire had been completed. It had suffered the humility of seeing the nationalisation bill delayed in the National Assembly by an opposition that was capitalising on its failure to anticipate the bills obvious pitfalls.

The remark of M Pierre Mauroy, the Prime Minister, that those "who think France unworthy of their money are unworthy of France" was that of an angry and impatient man playing to the gallery.

But there are good reason for accepting that the government does want to keep its radicals in check. Since coming to power, President Mitterrand has advocated a policy of industrial and social peace in contrast to the confrontational policies of former President Giscard d'Estaing and Mrs Thatcher in Britain.

M Michel Rocard, the Minister of Planning, also put cogently to the Congress the fears of some Socialist Ministers that the Socialist experiment in France is too fragile to be put at risk by a head-on clash between right and left. He argued for realism and compromise.

More important still is that since the devaluation of the franc President Mitterrand has effectively put the management of the economy in the hands of M Jacques Delors, the Finance Minister, who is respected by the business community and has good credentials with the unions. His brief is to increase the number of jobs while bringing down inflation.

M Delors' strategy depends on getting employers to invest and unions to hold down wage increases to enable a moderate expansion in output without the inflationary consequences of M Mitterrand's initial expansionary package. In the best of circumstances, his chances of success are dubious. They become remote if inflammatory rhetoric produces a further radicalisation of politics.

Tempers show little sign of cooling, however. The opposition parties, having hounded the Government in the National Assembly over the nationalisation bill, are now beginning to fight the 1982 budget and the imposition of a wealth tax. The nationalisation measure has still to clear the hurdles of the Senate and the Constitutional Assembly.

The militants in the Socialist party see their job as to make the Government more radical. The Government has not made clear what it feels the party's role should be, although it is less ambitious than this. Under the Valence Congree resolution, the party is excluded from supervising the Government as closely as the Labour Party does in Britain. M Lionel Jospin, its first secretary, said the partys role was as "guardian of the party's programme, reminding the Government of it if necessary, but above all fighting for it."

One of the militants' arguments for pushing the Government into being more radical is that if the Socialists do not occupy this ground the Communists will instead.

Beside the Communist Party, which claims a membership of 700,000, the French Socialist party is small, with its 250,000 members. Membership has risen 40 per cent since the May election. New members are mostly in the 25-40 age band with an emphasis on teachers and administrators with whom the party has been traditionally associated. Party officials admit that the party has few industrial representatives and no solid union base.

In spite of the display of unity over the weekend, it is also a coalition party. Apart from differences of ideology that separate the Social Democrats of M Rocard from the quasi Marxists of the CERES group, there are the regional fiefdoms of M Deferre's Bouches-du-Rhone and M Mauroy's Nord department.

The Communists are counting on divisions within the Socialist camp to strengthen their own hand. M Mitterrand seems to be aiming to hold the party on a pragmatic course somewhat left of centre. But his task is made no easier by the drumming up of extreme political passions.

M Chirac . . . shaping for a fight

# Opposition steps up its attack

By Our Paris Correspondent

THE FRENCH parliamentary opposition, which harassed the Government relentlessly over the nationalisation Bill, is embarked on an increasingly bitter campaign against two other important items on the Government's legislative programme.

Several hundred amendments to the 1982 budget have been tabled in the National Assembly, most of them aimed at revising the application of the wealth tax which was approved in principle on Wednesday night.

In the Senate, where the opposition has a majority, the 276 amendments put down to the decentralisation law were condemned by M Gaston Defferre, the Minister of the Interior, as a "counter project" which stood no chance of being accepted by the National Assembly.

The Bill began its potentially stormy passage through the Senate on Wednesday with M Defferre warning of the dangers of a political clash between the two houses.

Making his first major speech in the Assembly since the general election, M Jacques Chirac, head of the neo-Gaullist RPR party, declared that the opposition would "fight with all legal powers at its disposal" againrt encroachments on individual freedom. It is a sign of the increasing bitterness of the conflict that the RPR and the rival UDF party linked to former President Giscard d'Estaing, this week temporarily patched up their differences and agreed to work together.

The battle over decentralisation is but a prelude to the far more bitter struggle over nationalisation.

# Eyskens warns on loans after talks with IMF

BY GILES MERRITT

BELGIUM'S caretaker Prime Minister, Mr Mark Eyskens, has warned that unless there is a sharp change in economic policies the country may no longer be able to raise foreign loans after the end of 1982.

Mr Eyskens' warning is understood to have been made with one eye to the coming general election on November 8. But it was prompted by private talks that the outgoing Premier has been holding with experts from the International Monetary Fund who have been in Brussels to study Belgium's worsening economic position.

The general election has been precipitated by serious disagreement last month inside the coalition Government over economic policy. The signs are that the outgoing Prime Minister has seized the opportunity offered by the IMF visit to underline the austerity policies that his own CVP Flemish Social Christian Party has been urging.

Mr Eyskens is understood to have received an offer from the IMF team of a special technical assistance mission to help draw up an economic recovery programme for Belgium. But he turned down the offer because of his present caretaker position.

The Prime Minister's warning is being borne out here by speculation in banking circles on the difficulties Belgium has lately been facing in attempting to float a new "jumbo" loan on the Euromarkets.

# Madrid MPs vote on Nato

BY ROBERT GRAHAM IN MADRID

A MAJORITY of the Spanish parliament was expected to endorse Spanish membership of the North Atlantic Treaty Organisation (Nato) late last night at the close of a three-day debate on whether to join the alliance.

During the debate, the ruling Union de Centro Democratico (UCD) which proposed Nato membership was pledged the support of the right-wing Coalicion Democratica and the two conservative nationalist parties, the Basques and Catalans. This is expected to give the government a majority of at least 35

The government proposal to join Nato has been strongly challenged by the two main left-wing opposition parties—the Socialists and Communists, which insist on the need for a national referendum

# Renault car dispute fizzles out

THE two and a half week strike in the car works at Renault's Billancourt plant in Paris, fizzled out yesterday amid bitter union recriminations, writes Terry Dodsworth. The Socialist-led CFDT union attacked the rival—and stronger—CGT organisation for supporting a return to work despite a shop floor vote marginally in favour of staying out.

Following the start-up of the main component production lines, the management also brought back 4,000 workers laid off in the assembly works, where the Renault 4 model is produced.

Almost 20,000 cars have been lost from production during the course of the disput, which has been used by some elements in the union movement to highlight criticisms of the Government's slow progress in extending workers' rights.

## Wealth tax blunted

Paintings, sculptors and other art objects were yesterday removed from the French Government's wealth tax on the personal initiative of President Mitterrand, writes Terry Dodswell in Paris.

The main provision of the tax, voted early yesterday morning, will allow money to be raised on assets of more than FFr 3m (£286,000) at a rising scale of between 0.5 and 1.5 per cent.

## Frigg strike over

Gas production on the Frigg Field in the North Sea resumed yesterday when 300 strikinf Norwegian production workers went back to work, according to a spokesman for the operator, Elf Aquitaine Norway, Reuter reports from Oslo. Work stopped on Tuesday when the workers joined 500 striking colleagues at the Ekofisk Field to back demands for higher pay. The Ekofisk stoppage continues.

# Index of economic indicators takes 'steep plunge'

BY DAVID BUCHAN IN WASHINGTON

THE INDEX of leading economic indicators, designed to gauge the future course of the U.S. economy, took "an especially steep plunge" of 2.7 per cent in September, the Government reported yesterday.

This was the biggest monthly drop in the index since April, 1980, and it confirmed the U.S. economy has entered its second recession in two years, as all top officials in the Reagan Administration now admit.

The largest factor in the September index's decline was a sharp rise, for the second successive month, in the rate of U.S. workers being laid off. But eight of the 10 components used in making up the September index showed a downturn. The Administration said yesterday it saw no light at the end of the economic tunnel until next year, with industrial production and real gross national product expected to continue their slide for the rest of this year.

**The U.S. trade deficit improved sharply in September, dropping to \$2.6bn (£1.43bn) from \$5.6bn in August, the Commerce Department has reported. Exports rose by 3.2 per cent over the previous month and imports were down by 9.9 per cent.**

**The Department attributed the \$3bn improvement largely to a return to normal after an artificially high level of imports in August, when the dollar was at its highest. Importers, suspecting that the dollar was about to fall, accelerated their foreign purchases to take advantage of the high rate in August, it said.**

**The weakening of the U.S. economy also contributed to the slowdown in imports which fell by \$2bn to \$22.2bn, the Department said. Exports, in September, rose to \$19.6bn.**

With the consequences of recession for the federal budget deficit now manifest, Mr David Stockman, the Reagan budget director, has warned Congress that revenue could fall short of public spending in the current 1981-82 fiscal year by as much as \$100bn (£54.9bn), if the legislators take no further action to prune spending.

His warning drew weighty support yesterday from Mr Paul Volcker, the Federal Reserve Board chairman, who told Congressmen they should now show more vigour than ever in cutting spending, if Government deficits and borrowing were not to swell out of control.

A foretaste of the deteriorating picture in federal finances came as the Administration announced that the 1980-81 fiscal year had ended on September 30 with a budget deficit of \$57.9bn—\$2bn above the White House estimate. The Administration had hoped to keep the current year's deficit within \$43bn.

Economic recession depresses profits and incomes, and thus Federal tax revenues, while at the same time increasing unemployment, and thus Government payments to the jobless.

Mr Beryl Sprinkel, the Treasury under-Secretary for Monetary Affairs, spelt out the implications for the markets of Washington's new budgetary squeeze, when he announced on Wednesday that the Government would have to borrow \$34.8bn in the final three months of 1981, and another "\$29bn-\$32bn" in the first quarter of 1982.

Moves to ease savings banks takeover, Page 27

# Mexicans 'discover massive new oil deposits'

By William Chislett in Mexico City

MEXICO, the world's fourth largest oil power, is said to have discovered massive new oil deposits at its offshore Campeche zone.

Excelsior, the leading Mexican newspaper, yesterday reported on its front page that Pemex had discovered 34bn barrels of hydrocarbons in 15 new fields and that they would be officially incorporated into Mexico's reserves next year.

The report could not be confirmed at Pemex. Western diplomats, however, said that Pemex had recently made major discoveries and that they understood that the country's current proven reserves of 72bn barrels would be significantly increased next year.

The Campeche oil zone is acknowledged to be the world's largest offshore area. Its wells average 56,000 barrels a day. The area only came on stream in July 1979 and already it is producing about half of Mexico's total production of some 2.6m barrels a day.

Sr Jose Lopez Portillo, the Mexican President, announced in September that Mexico's onshore fields in the States of Tabasco and Chiapas and the offshore areas were part of the same structure.

If the new discoveries are confirmed by Pemex and the reserves are accordingly increased, Mexico could move into third place in the world oil league, overtaking Iran, which has 57bn barrels of oil.

# LA Dodgers win World Series 4-2

The Los Angeles Dodgers even without their star rookie Fernando Valenzuela became world baseball champions for the first time since 1965, when they mutilated the New York Yankees in a 9-2 victory at the Yankee's own stadium to take the World Series by four games to two, Ian Hargreaves reports from New York.

Experts agreed that Bob Lemon, the Yankee manager, made a crucial error by replacing his lead pitcher in the fourth innings, with the score at 1-1. Lemon had been criticised earlier in the series by George Steinbrenner, the Yankees' tempestuous owner, for staying too long with his opening pitcher.

# Awacs vote boosts Reagan's fading political magic

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's dramatic Senate victory which secured the Airborne Warning and Control Systems (AWACS) deal, has given him a much-needed boost at a time when his original "magic" appeared to many to be fading. With his second round of spending cuts and his new strategic defence programme facing a rough ride in Congress—amid growing doubts about his overall economic programme—the victory was a vivid reminder of his mastery in dealing with Capitol Hill.

Even Mr Tip O'Neill, the Democratic Speaker of the House of Representatives and an arch-opponent of Mr Reagan, confessed amazement at the "awesome" power of the President. He used precisely the same phrase after Mr Reagan's two spectacular Congressional victories in the summer, on tax and spending cuts, with which he laid the foundations of his economic programme.

To secure Wednesday's 52 to 48 Senate vote, Mr Reagan had to make a considerable political gamble. By committing so much of his personal prestige to getting the deal through, he risked an even more humiliating defeat if it failed. The fact that the gamble paid off confirmed that his political instinct was right.

Equally, however, the fact that final success had to depend on such a gamble by Mr Reagan confirmed the inadequacy of the Administration's earlier preparations. To surge from behind at the last moment may have added drama to the vote but there are many in Washington who argue that the Administration should never have been behind in the first place.

The Administration, by default, allowed the opponents of the deal, backed by the immensely powerful Jewish lobby, to convert about half the Senate before the Reagan team even entered the field. The opponents' arguments went unchallenged while the Administration concentrated on pushing its economic programme through Congress. By the time attention focused fully on the AWACS only last month, it was almost too late.

The House of Representatives, which voted three to one against the deal two weeks ago, was abandoned as a lost cause. Only in the past few days, when Mr Reagan personally took charge of the lobbying campaign, did the Senate vote begin to look winnable.

What finally swayed the doubters had less to do with whether Saudi Arabia should have the Awacs than with political pressures in Washington. In many cases, senators yielded to Mr Reagan's personal appeals for loyalty. They accepted his assurances that it was in the vital interest of the U.S. to give the Saudis what they wanted.

Others were convinced by assurances that the deal was hedged with conditions and could still be cancelled over the next four years. There was little debate over how stable the Saudi regime is likely to be in the coming decade (the five Awac's are due for delivery in 1985), although anxiety was expressed about it by the deal's opponents.

The Administration warned that the Saudis would buy the British Nimrod if the Senate vetoed the deal. All the precious intelligence data the U.S. could gain through the Awacs would therefore be lost.

In some cases, straightforward political deals were struck, although the White House refuses to describe them as such. Senator Roger Jepsen of Iowa, one of the key Republicans who switched sides at the last moment, was enticed, among other things, by the offer of a role as the Administration's "point man" in fighting for a strategic alliance with Israel.

Senator Slade Gorton of Washington State was one of the key figures to defect from the opponents' ranks at the last minute. It so happened that he had been given a White House promise of support for \$26m (£14m) to renovate a hospital in Seattle.

Public opinion has not been enthused by the debate. In one recent poll, 39 per cent said they did not feel qualified to express an opinion. Among the remainder, views reflected the Senate vote, with 54 per cent against.

The opponents were understandably crestfallen by the vote. Some Democrats, however, believe that Mr Reagan has hung a second albatross around his neck, the first being "supply side" economics. To forge such close links, and for so long ahead, with the Saudi royal family can only be an enormous gamble, they say.

In domestic political terms, Mr Reagan's victory is important, mainly because of the disastrous consequences for his credibility in Congress if he had lost. A victory which he had to get does not mean that prospects for his economic and defence policies have automatically improved overnight. Euphoria in Washington can be ephemeral. But that does not detract from what was, in itself, a formidable display of power politics.

Editorial comment, Page 18

Mr Reagan holds the tally sheet for his Awacs victory.

# Begin calls decision a 'danger' to Israel

BY DAVID LENNON IN JERUSALEM

THE U.S. Senate decision to sell Awac's surveillance aircraft to Saudi Arabia poses a "new and serious danger" to Israel, Mr Menahem Begin, the Prime Minister, said yesterday. He warned: "We will do what we have to do in order to overcome this threat."

He did not specify how Israel would combat this "new danger," but there have been repeated hints by other officials and military experts that, if necessary, Israel would not hesitate to shoot down the Saudis' spy planes.

Mr Ariel Sharon, the Defence Minister, said that the supply of Awacs and F-15s to Saudi Arabia is "a very serious decision." The danger, he said, lies in the tendency to give sophisticated weapons to the Arabs which will help them close the military gap "between them and us."

Speaking after a special Cabinet session to discuss the outcome of the Senate vote, Mr Begin expressed Israel's regret over the decision, since "Saudi Arabia is in a state of war with Israel, rejects the Camp David accords and finances terror in our region."

Israel waged a lengthy battle to try to block the U.S.-Saudi arms deal and especially the supply of the sophisticated surveillance aircraft which it believes will expose the country's military secrets.

Jerusalem was yesterday trying to assess the significance of the Senate defeat for the Israeli lobby in Washington. Mr Begin paid tribute to their efforts, saying "the friends of Israel conducted the just struggle with courage and dignity."

# Hopes fade for Arab League talks with EEC

By John Wyles in Brussels

THE European Community and Arab League member states have finally acknowledged that there is no prospect of a ministerial-level meeting between the two sides this year because of lack of advance agreement on the main political issues.

The decision is not likely to affect the visit to Saudi Arabia next week of Lord Carrington, the British Foreign Secretary. Following talks in London this week, the two sides may meet again at official level before the end of the year. In the meantime, it seems that the Arab League side will try to sort out a number of internal differences over economic projects to be jointly undertaken with the EEC and the contents of a joint political declaration.

During the London meeting, Community officials suggested that the first ministerial-level session of the dialogue should take place on December 14-15. But the proposal may have been made in the confidence that it would be rejected because of the lack of progress in determining a communique. The EEC is pressing for an endorsement of the principles of its Venice Declaration on the Middle East as a means of broadening the impact of its peace initiative.

# U.S. nuclear re-armament plan runs into trouble

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Reagan's nuclear re-armament programme has run into trouble on Capitol Hill, with a House of Representatives sub committee delaying funds for the Administration's proposed force of 100 land-based MX missiles and a Senate panel questioning the wisdom of reviving the B-1 bomber project.

The House Appropriations Sub committee said it was reluctant to vote funds for MX until the Administration had decided exactly how and where to deploy the system. Mr Reagan has so far been vague on MX deployment, saying only that the first batch of some 36 MX missiles would probably be placed in existing silos (now housing antiquated Titan rockets) and that he would decide in 1984 how to base the rest.

Deployment of the MX has become highly controversial, with many experts arguing that fixed silos cannot be sufficiently hardened to protect MXs against increasingly accurate Soviet weapons. It is likely, though, that the system will go ahead in some form.

The same cannot be said for the B-1 project. A growing number on Capitol Hill, including some of Mr Reagan's closest allies there, are beginning to doubt whether it is worth spending \$20bn (£10.9bn) on building 100 B-1 bombers as an interim measure rather than wait for the B-1's planned successor, the radar-evading Stealth aircraft.

Senator Ted Stevens, head of the appropriations sub committee told Mr Caspar Weinberger, the Defence Secretary, that Congress would probably not vote enough money to build both the B-1 and the Stealth aircraft and to keep the B52 fleet flying, all at the same time.

# Trudeau warns of restrictive budget

Mr Pierre Trudeau, the Canadian Prime Minister, has warned Canadians to expect a restrictive budget on November 12. Speaking in Toronto on Wednesday he said the country must "come to its senses" and help the Federal Government fight inflation, at present around the 12 per cent level (Victor Mackie writes from Ottawa).

Mr Trudeau said he would continue reducing the Federal deficit and government spending. He described inflation as "our most insidious economic and social disease."

# Small step towards ending Egypt's isolation

BY ANTHONY McDERMOTT IN CAIRO

EGYPT yesterday gave an unrestrained welcome to the news that the U.S. Senate had approved the sale of Awacs aircraft to Saudi Arabia.

Part of this contentment can be attributed to the fact that since both the late President Anwar Sadat, and his successor, Mr Hosni Mubarak, had been pressing the U.S. to go ahead with the sale, some glory should be reflected on Egypt. This in turn might be one more small step towards ending Egyptian isolation in the Arab world through Saudi Arabia.

Egypt's semi-official daily, Al-Ahram, gave considerable prominence yesterday to a statement favouring support for President Mubarak made in Bonn after the meeting between Crown Prince Fahd and Chancellor Schmidt of West Germany.

But Saudi Arabia yesterday denied it had called for support for President Mubarak and his peace policies towards Israel.

Mr Muhammed Abdo Yamani, the Information Minister, was quoted by Saudi State Radio as saying the Kingdom had not changed its policy of opposition to the 1978 Camp David peace agreements between Egypt and Israel.

The Saudi denial does not completely undermine the Bonn statement, however, which specifically favoured support for Mr Mubarak but not necessarily the full extent of his policies.

Mr Kamal Hassan Ali, Egypt's Foreign Minister, said yesterday that Egypt was "happy with the decision," adding: "It can be considered a turning point in American policy towards the countries of the Middle East."

There are additional reasons for Egypt to feel pleased with the decision. Because of its relationship with the U.S., Egypt has been anxious to show at home—through economic and military aid in particular—that such close ties bring benefits.

The deal has also given Egypt a chance to argue that, while it may have been virtually outlawed by Arab states because of its peace treaty with Israel, Pan-Arab interests have not been forgotten.

AP reports from Washington: In a surprise move, President Reagan's Administration is removing the two Awacs aircraft sent to Egypt only two weeks ago, a State Department official said yesterday.

"The Awacs deployment to Egypt was always intended as a temporary measure," said an official, who did not want to be identified.

Mr Alexander Haig, Secretary of State, had said the Awacs were being sent to Egypt for use in the joint U.S.-Egyptian military exercises which will be held next month.

# Israeli central bank chief accuses Finance Minister

BY DAVID LENNON IN JERUSALEM

Mr Gafny . . . not appointed

THE GOVERNOR of the Bank of Israel, the central bank, yesterday accused the Finance Minister of trying to muzzle the bank and prevent it from publishing facts about the economy which the Minister claimed could reinforce the inflationary expectations of the public.

Mr Arnon Gafny, whose term as governor expires tomorrow, said that he would be abusing his position if he avoided publishing facts about the economy which had come to light.

Mr Yoram Aridor, the Finance Minister, has been at loggerheads with the central bank governor since he was given the Treasury portfolio at the beginning of the year. A few weeks ago he informed Mr Gafny, a lifelong civil servant, that he would not be appointed for a second five-year term as governor. A new governor has yet to be named.

The Finance Minister whose cuts in purchase taxes and increases in subsidies before the election earlier this year were widely criticised in economic circles but welcomed by the public, has made it clear that he does not take kindly to public criticism.

According to Mr Gafny, the Finance Minister believes that the central bank should confine itself to fulfilling its technical functions such as regulating bank credit, rates of exchange and open market operations.

But Mr Gafny argues that by law the bank is required to report to the Knesset (Parliament) finance committee on economic developments.

Mr Gafny, who expects to pursue a career in international finance, told the Financial Times yesterday that the Finance Minister had explained to him that he wished the bank to remain silent about inflationary pressures because Mr Aridor believes that inflation is basically the product of public expectations.

Clearly not impressed by this alleged explanation, the Governor quoted one of Mr Aridor's mentors as having once told the bank's advisory council: "Expectations and psychology are very important, but in order to resolve the problems of the economy you also have to deal with economics."

Mr Gafny said that the workings of democracy forced the Governor to be involved in public debate over the country's economic policy and to point out what needs to be improved and what can be done to get the economy on to the right track.

Summing up the five years during which he served with four Finance Ministers, Mr Gafny said that successive Governments have failed to cut public spending, which remains steady at one-third of the gross national product.

He had repeatedly told governments that a solution to the country's inflation, trade deficit and recession is only possible if State spending is cut. This advice had been ignored and the country has had triple digit inflation.

The Governor noted that inflation has been reduced to an annual rate of 97 per cent in the last few months, but said that this was achieved by increasing subsidies and allowing the State deficit to grow. These factors would prevent further reduction in inflation and harm attempts to improve the balance of payments, he said.

Especially worrying this year have been the increase in government spending and the massive printing of money, Mr Gafny said.

Mr Aridor . . . under attack

# Namibia plans find favour in Windhoek

BY J. D. F. JONES IN JOHANNESBURG

THE CONSTITUTIONAL proposals for the future of Namibia, which have been drawn up by the Western "Contact Group" appeared to be winning a generally favourable response yesterday in Windhoek from the internal political parties.

The envoys of the five Western Governments, led by Mr Chester Crocker, U.S. Secretary for African Affairs, spent the day interviewing representatives of more than a dozen political groups.

The ruling party, the Democratic Turnhalle Alliance (DTA) had already issued a statement declaring that it could not fault the constitutional principles (which revolve around the concept of a "blocking third" in the Constituent Assembly) because they coincided largely with its own views.

But the DTA added a hint of reservation, saying "What the people of South-west Africa would want to know is how the future Government will be compelled to give effect to these laudable principles."

The DTA has long warned that if the planned election is won by the South West African People's Organisation (Swapo), any constitutional guarantees or principles would be worthless.

Meanwhile it has been officially confirmed that Mr Pik Botha, the South African Foreign Minister, will visit Windhoek next week to hold talks with the Administrator-General of the territory and with "interested parties."

Mr Botha had earlier drawn attention to one of the delicate areas of the negotiation—the fact that the United Nations has for years declared Swapo the "sole authentic representative of the Namibian people"—by observing that the more Swapo insisted on regarding itself in this way, the more it was making a fool of itself.

He said that Swapo would have to join the negotiating process as the equal of the other parties or be left out completely.

The Contact Group envoys will continue their talks in Windhoek today.

Mr Pik Botha . . . visit

# Slower growth forecast for S. Africa in 1982

BY OUR JOHANNESBURG CORRESPONDENT

The South African economy is facing a year of slower growth in 1982, according to the Bureau for Economic Research of Stellenbosch University, which published its annual economic forecast yesterday.

The downward phase of the business cycle will deepen and the growth rate will slow as "South Africans cannot escape from the adverse effects of a recession in the economies of our main trading partners and our own persistent high population growth."

After an 8 per cent real growth rate for Gross Domestic Product (GDP) in 1980, and an estimated 4 per cent in 1981, the bureau forecasts that real GDP will grow by 2.2 per cent in 1982. This means, in view of the population increase of more than 2 per cent, that "average standards of living will probably decline," it says.

On an assumption of an average gold price of \$460 an ounce in 1981 and 1982, the bureau expects South Africa to run an overall deficit on the balance of payments current account of just over R4bn (£2.3bn) in 1981 and R2.6bn in 1982, though at a declining rate throughout that year. It forecasts that net reserves will fall by R2bn in 1981 and R900m in 1982. Exports, with a few exceptions such as coal, will remain "relatively weak."

The assumption of the future gold price is critical to the forecast: the Bureau points out that an average of \$400 an ounce would result in a current account deficit of almost R3.45bn, whereas a price of \$500 would reduce the deficit to R1.5bn.

The report warns that the Government's budget deficit will remain high, in spite of higher taxes, "forcing the exchequer to draw heavily on foreign and domestic capital markets, and to make use of bank credit to the tune of R300m."

# Chad quiet as coup rumours are dispelled

By Mark Webster in Paris

THE CHAD capital, N'djamena was reported calm yesterday after 24 hours of confusion when it appeared that Libyan-backed troops loyal to Mr Ahmet Acyl, the Foreign Minister, had tried to topple the Government of President Goukhouni Oueddei.

President Goukhouni dispelled rumours of an attempted coup when he met M Pierre Ricard, the French charge d'affaires in Chad yesterday morning, the French Foreign Ministry announced. The Ministry also denied that an armoured Libyan column had entered N'damena the previous day.

A spokesman for the French Ministry of Co-operation said the reports of an attempted coup were alarmist. But the capital is said to be tense, with President Goukhouni under increasing pressure from Tripoli to merge Chad with Libya.

# Moussavi is approved as Iran's Prime Minister

BY TERRY POVEY

IRAN'S Parliament yesterday approved the appointment of Mr Hossein Moussavi as Prime Minister after two weeks of disagreements between it and the recently-elected President, Sayyed Ali Khamenei.

Mr Moussavi, who previously held the post of Foreign Minister, is a 40-year-old architect and replaces Premier Ayatollah Mahdavi-Kani, who resigned on October 15 following differences between himself and President Khamenei.

Divisions of opinion in Iran's fundamentalist and clerical-dominated Parliament have been highlighted by the President's three attempts to select a successor to Ayatollah Mahdavi-Kani.

His first nominee was rejected in a public vote and the second, Mr Mohammed Gharazi, the Oil Minister, faced sue opposition during a closed debate that his name was never publicly announced as a candidate.

Even Mr Mousavi faced considerable opposition with 87 of the assembly's members either abstaining or voting against his nomination. But 115 supported the proposal.

Mr Moussavi is a member of the Central Committee of the dominant Islamic Republican Party and editor of its daily newspaper. He is regarded as one of the leaders of the fundamentalist camp. His appointment as Foreign Minister had ben blocked by ex-President Bani-Sadr for many months before his dismissal.

According to a report yesterday, the home of Government spokesman and Cabinet Minister Mr Behzad Nabavi was attacked by opposition guerrillas three days ago. The Minister was not injured in the attack his guards said.

# U.S. backs Westinghouse on reactor for China

BY ALAIN CASS AND COLINA MacDOUGALL IN CANTON

THE REAGAN Administration has swung its full weight behind the Westinghouse bid to sell the first nuclear reactor for electricity production to China. It is reliably understood to have told China that any problems which might arise from present stringent U.S. legislation on the export of nuclear technology "are negotiable."

The two key problems areas—on-site inspection of nuclear fuel and the disposal of nuclear waste—were discussed by a team from the U.S. Nuclear Regulatory Commission which visited Peking in late September for talks with Chinese officials.

China is at present reviewing a feasibility study by Hong Kong's China Light and Power Company and the Guandong Electric Power Company for a nuclear station in Guandong Province, based on two 900 MW pressurised water reactors (PWRs). The State Council, China's Cabinet, has appointed a number of committee's to look into questions of safety and cost.

Under the Non-Proliferation Act passed by the Carter Administration in 1978 China would be required to accept "full-scope safeguards;" that is, to open all its nuclear facilities to international inspection.

This inspection would—as in the case of the Westinghouse PWR in Yugoslavia—be carried out under the auspices of the Vienna-based International Atomic Energy Agency.

This would certainly be regarded by the Chinese as an infringement of their sovereignty. China is not even a member of IAEA.

U.S. officials suggest that, by the time the plant comes onstream, it may be possible to implement nuclear safeguards by using long-distance remote control technology.

U.S. officials have apparently told the Chinese that "we can make it." U.S. officials are saying that the fact that China already possesses nuclear weapons should count strongly in the Administration's favour if and when it has to seek the approval of Congress.

But the U.S. will nevertheless require some form of bilateral agreement between the two nations that this powerplant is not used for military purposes. The Americans are hoping to persuade the Chinese that purchasing U.S. nuclear technology would reinforce their strategic links.

This latest initiative by the U.S. is in line with recent moves by the Reagan Administration to revive contracts for the sale of nuclear material to Brazil and South Africa, originally negotiated before the new U.S. nuclear export controls.

Britain's GEC and Northern Engineering Industries are among the contenders for the turbine contract.

# French may buy U.S. Hawkeyes

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is considering the possibility of buying about four low-altitude Hawkeye radar detection aircraft from Grumman of the U.S. as a means of plugging a gap in its aerial defence system.

According to reports in Paris, confirmed by Grumman, the Grumman proposition has recently been gaining ground against rival proposals for the acquisition of Boeing AWACs (Advance Warning and Control System) aerial surveillance aircraft.

At a cost of about FFr 8bn (£800m), a fleet of four Hawkeyes would cost much less than a similar number of AWACs and could supply a flexible service to France both in Europe and overseas.

In a related area, problems with the radar systems on the new Dassault 2000 combat aircraft have delayed its introduction in the French Air Force. It will go into service initially using existing systems.

# Oil spending 'to top £1,400bn'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

CAPITAL AND exploration spending by the international oil industry is expected to grow by nearly 17 per cent a year in real terms during the 1980s, and total $2,629bn (£1,452bn) for the decade, according to a new study by Chase Manhattan Bank.

This rate of growth is somewhat lower than between 1972 and 1980, when capital investment rose by 21 per cent a year on the back of large oil price increases.

The survey, which covers the non-Communist world, says that oil companies' internal cash flow is likely to provide 73 per cent of the capital requirements.

But credit market lending is expected to rise at a rate of 17 per cent a year and total $710bn (in 1980 money) for the decade as a whole.

Companies' expenditure on oil exploration and production—always the largest element of their capital spending—will rise from $66.2bn in 1980 to $360bn in 1990, with a cumulative total for the decade of $2,029bn.

The study—one of three on the world energy outlook published this week by Chase—assumes that increases in the real dollar price of crude oil from the Organisation of Petroleum Exporting Countries will average 2.5 per cent a year over the coming decade.

The second Chase report, on world coal consumption, argues that this will almost double to nearly 7bn tonnes by the turn of the century.

* *World Energy Autlook/World Coal Outlook/Petroleum Industry Investment. $175 Chase Manhattan Bank, 1, Chase Manhattan Plaza, New York NY*

# Japanese 'may cut exports to EEC'

By Our World Trade Staff

JAPANESE industry may take measures voluntarily to restrain exports to the EEC, Mr Yoshihiro Inayama, president of the Keidanren, the influential federation of economic organisations, said in Tokyo yesterday.

The Keidanren is also examining ways of further opening the Japanese market to foreign goods through the removal of non-tariff barriers like import inspections, Mr Inayama said.

He was speaking following the return to Japan from EEC capitals of an officially-sponsored Keidanren mission. During the mission's visit, it encountered sharp criticism of Japanese trading policies and increasing worries about the enlarging Japanese trade surplus with the EEC.

On Wednesday, Japan announced a record trade surplus for September with exports 14.9 per cent higher than a year before at $13.02bn (£7.13bn) and imports 2.4 per cent higher at $9.76bn.

Self-restraint by the Japanese Government and industry would be better than the imposition of controls by importing countries, Mr Inayama commented.

But, he added, if Japanese industries decided to restrain exports, the Government should case anti-monopoly and fair trade laws to enable action to be taken legally.

Mr Inayama's response to EEC pressure came as the U.S. extended its own campaign against Japanese trading policy, through Mr Malcolm Baldrige, the U.S. Secretary of Commerce, who is in Tokyo for two days of talks with the Japanese Government.

He is reported as calling for immediate Japanese measures to increase U.S. imports, and warning that, if the Japanese trade surplus is allowed to grow, it will lead to protectionism in the Congress and Reagan Administration.

But a senior official of the Economic Planning Agency in Tokyo said the Japanese Government is considering emergency imports of $4bn-$5bn to help reduce the current account surplus. The imports would come mainly from the U.S. and EEC.

Tokyo cuts raw material needs, **Patricia Newby** writes from Canberra

# Australian coal deals delayed

JAPAN HAS said that it is unlikely to enter any new coking coal contracts with Australia before 1985 because of the world slump in steel making and Australia's poor industrial relations.

The outlook for new iron ore contracts from Australia is equally bleak because of the steel recession. These gloomy forecasts were made at the annual Australia-Japan Business Co-operation Committee in Sydney this week, attended by 350 representatives from both countries. They follow recent cuts in resources production in Australia.

However, the reductions in resources output do not mean an end to Australia's so-called resources boom, according to the country's Treasury. Investment both from home and abroad is still very strong and consumer demand healthy.

"What we are seeing is not a collapse across a broad front but a prudent rescheduling of projects in the face of weaker demand," said one official. There is no "fundamental weakness" in the economy or in the long term outlook for Australian resources development, he added. Even on the lower projections, Australia will still double coal exports in the next five years.

Against this background, there has been some straight talking at the Australia-Japan meeting. During the Coal Committee's discussions, the Japanese steel mill representatives told Australian coal exporters that because of depressed world steel outlook, demand for coking coal to the mid-1980s had dropped. They intended in any case to diversify their sources of supply because of Australia's disruptive industrial relations.

Mr Nobuyoshi Ternanishi, executive vice-president of Nippon Steel, said shipping disputes at Australian ports had cost buyers nearly $6m (£3.3m) in the six months to September and only about half the contracted tonnages were supplied.

The Japanese also complained of Australia's port congestion and failure to build sufficient coal loading facilities. Mr Doug Anthony, Australia's Trade and Resources Minister, accepted that there were poor industrial relations, but denied that insufficient port facilities were hitting coal exports.

Japan is expecting to increase steel production from this year's 102m tonnes to only 115m tonnes by 1985, so the outlook for new iron ore contracts for Australia is also lean. The Iron Committee of the joint talks meets today.

Japan expects its coking coal needs to rise from the present 69m tonnes a year to 78m tonnes in 1985. Australia's share would rise from the current 27m tonnes a year to 33m tonnes under existing contracts.

The outlook for steaming coal, used for power generation is brighter, with Japanese demand for Australian imports expected to rise from the current 4.5m tonnes a year to 19m by 1985. Australia would thus be supplying about 80 per cent of Japan's steaming coal in 1985.

All of this emphasised that the two economies are locked into each other and that it is not in Japan's interests to do anything which will threaten Australian resources development. Australia, which is Japan's major source of iron, bauxite, alumina and coal, will be a major supplier of liquid natural gas and uranium in the 1980s.

**AUSTRALIAN COKING COAL EXPORTS (Million Tonnes)**

| | 1980 | 1985* | 1990* |
|---|---|---|---|
| Japan | 27.1 | 30-35 | 33-38 |
| Other Asian | 4.1 | 7-10 | 11-14 |
| Western Europe | 3.8 | 8-14 | 10.17 |
| Other | 0.6 | 3- 4 | 4- 7 |
| Total | 35.6 | 48-63 | 58.76 |

* Projected

**AUSTRALIAN THERMAL COAL EXPORTS (Million Tonnes)**

| | 1980 | 1985* | 1990* |
|---|---|---|---|
| Japan | 4.5 | 18-22 | 28-34 |
| Other Asian | 1.1 | 11-14 | 18-27 |
| Western Europe | 3.2 | 8-17 | 17-25 |
| Other | 0.7 | 3- 5 | 5- 6 |
| Total | 9.5 | 40-58 | 68-92 |

* Projected

Source: Australian Combined Colliery Proprietors Association.

BRITAIN'S WEST GERMAN CONNECTION TO LATIN AMERICA

# Kloeckner gives UK a line to Brazil

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

"I SUPPOSE you could say it was one in the eye for British businessmen in Latin America," remarked a senior merchant banker as the £370m package of British exports to Brazil was announced earlier this week. He summed up the slight bewilderment in London that the wholly-owned British subsidiary of Kloeckner, the West German engineering giant, should have had a major part in fixing up so much of the package for British capital goods manufacturers.

The man who to some is the culprit and to others the hero of the giant deal is Mr Hans-Joachim Pretzell, the intensely active managing director of Kloeckner Ina Industrial Plant. With a staff of 25 and an office in Berkeley Square, he helped British companies to get ship, mining and power station orders which take up more than half of the £370m package.

In addition, his company has obtained £275m worth of foreign orders for British companies, which are being delivered at the moment.

Mr Pretzell talked at the London hotel, into which he had temporarily moved to be near the Brazilian planning minister and his visiting team, of the way in which the big Duisburg-based engineering group was finding orders for foreign companies through its subsidiaries in many western European capitals and Japan. He stresses: "My firm is a British company registered here. It's Britain I'm concerned with, not Duisburg."

Mr Pretzell, who is 46, set up shop here in 1973 with a view to putting together Kloeckner's expertise in selling capital goods in many non-Commonwealth countries, and its connections with British engineering groups with the financial services of the Export Credits Guarantee Department.

The idea bore fruit a year later with a multi-million pound order for a pulp and paper mill in the Philippines. After this came orders from Indonesia, the Soviet Union and others.

Mr Pretzell insists that he is not particularly in the business of winning orders for his parent company is Duisburg. As an independent profit centre, he is more interested in putting together profitable packages combining British banking and engineering expertise with Kloeckner's local knowledge of export markets.

Kloeckner heard that Brazil was interested in a big export deal with Britain at the beginning of the year through its own Brazilian office. Mr Pretzell passed the word to British Shipbuilders, Northern Engineering Industries and others which stood to benefit from such a deal, but which did not appear to have his company's Brazilian connections. He also contacted Lloyds Bank International, with which he had previously worked on the export of methanol plants to the Soviet Union.

In spite of Lloyds' long history of retail banking in Brazil through its subsidiary, the Bank of London and South America, it has worked only comparatively recently in the Brazilian capital goods market. With some judicious recruitment from the merchant banks, Lloyds has been building new expertise in Brazilian capital goods and therefore decided to co-operate with Kloeckner.

The deals matured throughout the year. Lloyd, according to Mr John Biffen, the Trade Secretary, stitched together particularly ingenious financial packages.

Although Mr Pretzell is too diplomatic to admit it, the signing of this week's deal ended in a flurry of quick—not to say hectic—decisions by Brazilian buyers and the exporting companies.

The Brazilians appear to have been satisfied, the British companies and the British Government are happy with fuller order books and Kloeckner is content with a goodly commission.

"Why the British were not able to do it on their own, I don't know," mused the London merchant bankers. "Some British business is sound asleep about Latin America."

# UK NEWS

## Laws on 'bargain' offers come under urgent study

BY GARETH GRIFFITHS

THE Government will urgently consider changes in legislation dealing with bargain offer claims. The changes were proposed yesterday by the Office of Fair Trading, which wants the law made clearer and more flexible.

A report published by the OFT after nine months of investigation recommends a ban on offers which include comparison with recommended retail prices.

The Government has been concerned for some time about the ambiguities of the 1979 Order, which covers conditions under which retailers are allowed to advertise comparative prices. The order is little known and has been flouted by some companies in the furniture and carpet sector as well as newspapers.

Mrs Sally Oppenheim, the Consumer Affairs Minister told the House of Commons yesterday that the matter would be looked at urgently and that retailers and interested parties should send their comments to her department.

Mr Gordon Borrie, the OFT Director-General, said the best option for the Government would be to bring legislation embodied in the Trade Descriptions Act and the 1979 Bargain Offers Order together with a general prohibition on misleading price comparisons. There could be a specific list of exceptions.

The OFT believes this could dispose of confusion. Mr Borrie said: "I believe it is desirable, to retain as much precision and certainty as possible, so that traders and the enforcement authorities are clear what is, or is not, allowable in law, and on the other hand to build in a degree of flexibility."

## Energy consumption slightly down

BY MARTIN DICKSON, ENERGY CORRESPONDENT

Falling UK coal consumption pushed Britain's stocks of the fuel up by 800,000 tonnes in September to 41.9m tonnes—the equivalent of four month's production by the National Coal Board, according to latest Government figures. Stocks are 6.8m tonnes higher than at the same time last year.

Energy Trends, the Department of Energy's monthly statistical bulletin, also shows that the UK used 4 per cent less energy in the three months from June to August than in the same period of 1980, with oil consumption down 6.8 per cent and coal by 4.3 per cent.

On a seasonally adjusted and temperature corrected basis, overall energy consumption was down 3.7 per cent.

North Sea oil production during these months totalled 21.9m tonnes, a rise of 11.7 per cent on the same period in 1980, while deliveries of oil products fell 3.7 per cent to 14.7m tonnes.

The public electricity Boards supplied 3.2 per cent less power than in June to August last year, and burnt 3.7 per cent less coal and 44.7 per cent less electricity.

The figures also show a reversal in August of a rising trend in energy consumption recorded during the previous few months on a seasonally adjusted basis. In August Britain was using energy at an annual rate of 315m tonnes of coal equivalent, compared to 325m tonnes in July and 316m tonnes in June.

## New nuclear weapons strategy urged

BY BRIDGET BLOOM IN BRUSSELS

MAJOR CHANGES in the way Nato plans to deploy nuclear weapons in Europe have been proposed by Sir Philip Goodhart, a former junior defence minister.

The changes, which challenge both the current Nato and British defence policies, would involved putting to sea the controversial Cruise missiles, planned for deployment in Britain and four other European countries from 1983.

Sir Philip says the £5bn-£6bn Trident programme should be delayed for four years to help pay for the extra costs which would be involved in putting Cruise missiles on British-built submarines.

His proposals come in a memorandum which he presented to Mrs Thatcher, the Prime Minister, and Mr John Nott, the Secretary for Defence, at the end of last month. He said he made the memorandum public yesterday to promote public debate on the issue of nuclear weapons in Europe.

The memorandum was submitted within days of Mrs Thatcher's September reshuffle, in which Sir Philip lost his job as a junior defence minister.

Sir Philip argues that the 464 U.S. Tomahawk Cruise missiles which are to be deployed in Britain, the Netherlands, Germany, Belgium and Italy from December 1983 should all be sited on submarines. The missiles to be based in Northern Europe should be sited on British submarines, if possible under British control, while those due to be based in Italy could be put aboard American submarines, presumably in the Mediterranean.

## Decision on Concorde deferred by Ministers

By Michael Donne, Aerospace Correspondent

FURTHER financial and technical studies on continued operation of Concorde are to be carried out by Anglo-French officials, and will be reviewed by the Ministers in charge of the project at a meeting in the New Year.

This emerged from yesterday's meeting in London between Mr Norman Lamont, Minister of State, Department of Industry; and M. Charles Fiterman, French Transport Minister.

Although it was hoped originally that the meeting would reach definite conclusions on the future of Concorde, the Ministers felt that they needed more time, and no decisions were taken.

The Ministers instructed officials to continue their analyses.

These include studies of direct operating costs; the possibility of British Airways and Air France eventually profiting on their routes across the Atlantic.

### Ferry offer

P & O FERRIES said it was not treating seriously the offer of Mancon Shipping, owned by two Norwegians, to take over the money-losing Liverpool-Belfast ferry service, due to close next month.

Captain Jan Johnsen, managing director of the Liverpool-based Mancon, has telexed P & O to express interest in buying the service, but mentioned no price.

### Moves from Hambros

HAMBROS BANK confirmed yesterday that its two senior bond traders resigned on Monday. Mr Leonard Gayler, manager of Eurobond New Issues Syndication and Dealing; and Mr John Murrell, deputy manager and chief Eurobond dealer, departed from the bank this week.

Mr Hamish Leslie Melville, executive director of Hambros, said yesterday that Mr Gayler and Mr Murrell left because "they felt as though they wanted a change."

## Wage costs increase for Britain's manufacturers 'slowing'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE INCREASE in wage costs in the UK's manufacturing industries is slowing substantially, according to the latest official statistics.

In July the index, which expresses the cost of wages and salaries in each unit of manufacturing output, stood at 205 which represented only a 6 per cent increase on the previous year.

In January, the wage and salary component of manufacturing output was increasing at a rate of nearly 20 per cent a year after going up at a rate of more than 22 per cent during 1980.

This easing of cost pressures on manufacturing industry appears to be more the result of recent low wage settlements than great improvements in productivity.

Figures in the Department of Employment's Employment Gazette show a small but significant improvement in manufacturers' productivity since the last quarter of 1980, but this has only served to recoup some of the ground lost since 1979.

In the year up to the second quarter of 1981, manufacturing productivity increased by only 1.2 per cent.

For the economy as a whole, excluding the North Sea oil sector, productivity in the second quarter of 1981 showed a small improvement. But it still had not regained the level it reached in 1979, presumably because many firms are still running factories at below capacity, despite the shedding of excess labour in the last two years.

For the economy as a whole, the slowing-down of the rate of increase in labour costs as a proportion of output has been significant but less marked than in manufacturing industries.

The index of labour costs per unit of output for the second quarter of 1981 stood at 210, a 12.6 per cent increase on the index of a year previously. This is the lowest rise recorded since the fourth quarter of 1978.

It is, however, very much in line with the increase in wages in the year up to April 1981, recorded in the department's New Earnings survey. This showed men's earnings were up by 12.7 per cent and women's by 13.2 per cent in the year.

## Investment abroad up to £775m

BY OUR ECONOMICS CORRESPONDENT

THE PACE of overseas investment by the major institutions, including pension funds and building societies, has been quickening. Meanwhile, investment in UK companies remains low and has fallen substantially since the end of last year.

Quarterly figures from the Central Statistical Office, published yesterday, show that investment in overseas equities in the second quarter of this year was more than one and a half times the amount invested in UK equities.

Overseas investment during the quarter was £775m, the largest amount in any quarter since exchange controls were lifted. It compares with £421m in the second quarter of 1980.

Of this total, £688m was invested in overseas equities, almost twice as much as in the same quarter last year. By contrast, the institutions invested only £415m in UK equities.

This is surprising because in the second quarter of the year the UK equity market was in a buoyant mood and the Financial Times all-share index reached a record at the end of April.

The figures also show a sharp fall during the second quarter in the inflow of funds to life assurance companies and pension funds—down from £2.97bn in the first quarter to £2.67bn.

In general, the net inflow to the institutions rose during the quarter to £6.3bn, compared with £5.1bn in the previous quarter and £5.1bn a year earlier.

Inflow to building societies rose sharply to £2.5bn, nearly twice the inflow in the previous quarter.

## Bakst costume design fetches £15,500

SALEROOM

BY ANTONY THORNCROFT

A RECORD auction price for a costume design by Leon Bakst was paid at Sotheby's yesterday in a sale of ballet, theatre and music hall material. The design, dated 1911, for a pilgrim in the ballet *Le dieu bleu*, fetched £15,500. Another Bakst design for the decor of *Narcisse* went for £4,500.

In a Sotheby's jewels sale Spink paid £11,000 for a diamond brooch pendant of around 1930 while in the Japanese works of art auction at Belgravia, a late 19th century Miyao bronze group of warriors made £15,000.

At Christie's a walnut meuble en deux corps of Henry II style, catalogued as 16th century and later, sold for £7,000 in a furniture sale.

In New York on Wednesday a Japanese collector paid $51,912 for *Bords d'etang en Normandie* by Corot. It was sold by Cincinatti Museum. *Exercising the Pony* by Munnings went for £46,448 and *Dedham Vale, Suffolk* by Frederick William Watts for £28,415.

## Holiday companies increase capacity

By Arthur Sandles

BRITAIN'S major package tour operators are preparing for a rush to the sun next year, despite the recession and unemployment. Most have made huge additions to their capacity and have cut prices substantially in real terms.

Already there are signs that some of this optimism is justified. Intasun, which has increased its capacity by 17 per cent over 1981 sales levels, sold 36,000 holidays on one day this week—bookings worth £6.6m for next summer.

The operators almost universally are predicting little, if any, overall growth in the holiday market, but each is apparently ignoring these predictions.

Britain's biggest four operators, Thomson has increased its number of summer holidays on offer by 11 per cent to 835,000—and with winter sun and other tours, the overall total is more than 1m. Thomson's Greek programme alone is up by 24 per cent.

OSL, the villa company, is taking of a 16.5 per cent rise in capacity to 124,000 passengers.

The Great Universal Stores subsidiary Global is planning a 30 per cent rise in carryings to 300,000. "It is one of the few companies predicting a rise in the total market. Managing director Mr Robin Cattermole said: "The economically tough winter ahead will turn minds towards sunshine and blue skies."

One of the more remarkable increases in potential carryings comes from Laker. Between April and October of next year, Laker is hoping to sell 200,000 holidays. That would represent a rise of 52 per cent on 1981 levels and would mean a useful amount of extra work for the Laker wide-bodied jets.

British Caledonian subsidiary Blue Sky is increasing its capacity by 40,000 to 180,000. Vugatours is planning to carry 140,000, 25,000 more than this year.

Thomson's direct-sell subsidiary Portland Holidays is planning an 82 per cent increase on this year's 79,600 "despite forecasts that the inclusive holiday market will at best be static, and may even decline by about 5 per cent in 1982 from the 1981 level of 4.4m holidays."

Total Thomas Cook capacity is up by 22 per cent, and the company is adding 50 per cent to its total of villa and apartment holidays.

British Airways direct subsidiary, Martin Rooks, is offering 160,000 holidays in its largest ever summer brochure.

The scale of the increases in the number of holidays available could, of course, prove disastrous for the industry if there were a substantial fall in custom. The tour operators are pressing hard to get early bookings so they quickly determine whether they have got their sums right.

If there is a large amount of unsold capacity early next year, operators may well start consolidating their programmes — cancelling tours which are not selling well and merging them with others.

As the companies fight for this early custom so they have pared prices to the bone. Thomas Cook says its prices are five per cent higher than last year on average, with ten per cent of trips being cheaper.

Portland says its prices are up by 7.5 per cent on this year; Blue Sky says most prices in its programme show increases of only five per cent, and some are lower priced than this year; Intasun is claiming a 2.5 per cent increase on European holidays; and Cosmos a two per cent rise.

## Call for more industry say on university research

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

INDUSTRY should take over a large proportion of university and technical college research, Mr Ian Wood, a North Sea oil industrialist, suggested yesterday.

"Our problem in Scotland is not the lack of innovative ability, but our failure to achieve the practical development and application of that ability in the real industrial world," he said at the 12th international forum of the Scottish Council, Development and Industry at Aviemore.

Mr. Wood is managing director of the Aberdeen John Wood group, which specialises in oil industry support.

He said that universities were short of funds, and industry's record on research and development was abysmal.

"Surely we could solve both of these problems by industry committing funds directly to our university and technical colleges in exchange for a system whereby, say, 75 per cent of the research and development work they carryout would come directly under industry control."

Calls for reform in both business attitudes and public attitudes to business dominated the opening session of the forum at Aviemore. The meeting has become an annual consultation for industry in Scotland, attended by more than 130 industrialists, trade unionists, and local government officials and academics.

Mr Wood said society still looks on industry as "a second-class citizen."

"If we are to effect Scotland's industrial renaissance our communities must be converted from the view that business and industry are necessary evils to be tolerated by a society which really should dedicate itself to the academics, the professions, the military and public service."

The attitude in the UK about risk-taking, he said, leave it behind its more enterprising and adventurous rivals.

Mr Wood said that Scotland needs a top-class business school. "I can think of no better way of getting rid of the cheap metal-bashing image of the Scotland of old and dispelling the 'branch syndrome' policy which I believe is so dangerous to our long-term industrial stability."

## British airlines welcome plans to boost revenues

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE major UK airlines, British Airways and British Caledonian Airways, are well satisfied with the International Air Transport Association annual meeting in Cannes this week.

Mr Adam Thomson, chairman of British Caledonian, said yesterday that over the three days of the meeting, the airlines had collectively agreed an "action package" that would have "a far-reaching effect on the future viability of international air transport."

IATA experts are working out a global scheme for fare rises that could amount to about 10 per cent early next year, adding some $6bn to airlines' revenues. Meanwhile, the annual meeting took many decisions aimed at going some way towards correcting the world airlines' overall deficit now running at more than $2bn (£1.1bn) a year.

Prominent among them was one concerned with ticket sales, intended to stamp out the increasing practice of selling tickets at cut rates. This practice currently costs the airlines several hundred million dollars a year in lost revenue.

Just how the airlines will put this resolution into practice remains to be seen, but at least they have demonstrated their determination to end a practice that has drained their finances for many years.

Equally significant were other less dramatic resolutions, which when implemented will also involve a saving of many hundred million dollars a year.

These include plans to bring greater pressure on governments, especially in Western Europe, to reduce "user charges"—landing and en route navigation fees. Because of recent sharp rises, these have become a major burden on airlines.

Particular criticism has been levelled at the British Airports Authority for the way it has raised landing fees in recent years. Other airport authorities are following suit and the airlines fear that unless action is taken soon to control this trend, it could become a major drain on revenues.

One area of particular concern is the increasing incidence of air traffic control disputes. Last summer, such disputes in France and elsewhere have cost the airlines, world-wide, between $400m (£222.2m) and $500m (£277.7m).

The airlines want government action to outlaw such disputes. If this is not possible, they would like to see legal measures taken to restrict the effects. For example, they would like to ensure that aircraft belonging to states not involved in a dispute should be able to over-fly strike-affected areas without hindrance.

The airlines also believe that legislation is necessary to prevent the air traffic control staff in one country from taking action in support of striking colleagues in another.

All these moves are welcomed by the UK airlines, who suffered particularly severely from such disputes last summer.

The task now facing all airlines—including BA and British Caledonian—is to ensure that these plans, agreed after much debate, are not lost by default but put into effect, not only in the UK, but elsewhere in the world.

## Spectacular opening planned for Barbican Arts Centre in March

### Antony Thorncroft reports on London's latest cultural venue

THE BARBICAN Arts and Conference Centre in the City of London will open with a gala evening on March 3 1982—five years behind schedule, and with a final cost of £143m as against the initial forecast of £19m.

Both resident companies—the London Symphony Orchestra and the Royal Shakespeare Company—will give performances in the concert hall and the main theatre. Two art exhibitions will be on view. The evening will end with a fireworks display.

The arts centre will cost City ratepayers, who have financed the entire operation, a further £7m over the next five years. But by then, the revenue from conferences and meetings should be subsidising the artistic ventures, and the centre should be breaking even.

Next year it will cost £6m to operate. Income from conferences and box office is expected to reach £2m.

As well as the main theatre and concert hall (which also will be used for conferences), the Barbican Centre contains a small theatre, the Guildhall School of Music and Drama, the City's major library, three cinemas, an art gallery and sculpture court, two exhibition halls, rooms for private functions, and two restaurants.

The London Symphony Orchestra will give 107 concerts between March and December. To attract audiences to the 2,000-seat hall, the programme has been built around subscription seasons which give regular concert-goers a 33 per cent discount on 12 performances, with many variations.

The LSO will play approximately the same programme four times a week. This will enable it to rehearse more. At the start of the week the concerts will begin at 6.30 pm in an attempt to attract the City's 350,000 daily commuters.

Among the artists who will appear at the Barbican next year are Dame Janet Baker, André Previn, Vladimir Ashkenazy, Elisabeth Soederstrom, John Williams and Isaac Stern.

The first public performances by The Royal Shakespeare Company will be in June with new productions of *Henry IV Parts 1 and 2*, directed by Trevor Nunn and (perhaps) wtih music by Andrew Lloyd-Webber.

The RSC will be leaving its main London base at the Aldwych Theatre but hopes that any Barbican successes demanding a West End transfer will find a home there. For its smaller productions it will be using the Pit, a 200-seat studio theatre in the Barbican, at the expense of the Warehouse.

The arts galleries will open with an exhibition of post-war French art from the Pompidou Centre in Paris, and a display of contemporary Canadian Tapestries. The main cinema, with 280 seats, will have a mixed programme.

The conference centre has been open since October. For 1982 it has bookings for gatherings which will generate an additional 88,000 bed nights in London, worth at least £3m in tourist revenue.

Although the basic problems of apparent remoteness and unattractive approach remain, the inside of the Barbican arts centre is a contrast in comfort.

**Max Loppert writes:** First impressions of the concert hall are encouraging. We were invited to eavesdrop on an LSO rehearsal under Claudio Abbado. While Rudolf Serkin pprsued his characteristically-magnificent path through the Mozart D minor piano concerto, K466, we could absorb both the inviting ambience and the acoustics at once sharp-profiled and warm.

The auditorium takes the form of a three-tiered amphitheatre enclosed and textured in wood, always a good material for music. From the second tier there was a distinct feeling of intimacy to add to clear sightlines, comfortable seating (and leg room), and well-directed focus on music and musicians.

The Barbican has found its own answer to the "acoustical mushrooms" of the Albert Hall in the form of the rather unsightly glass jars suspended *en masse* from the ceiling. Perhaps before the official opening, they could be adjusted still further to improve in clarity the bass line of the full orchestral ensemble, which seemed strangely weak. (No doubt the faint but audible electrical buzz in the background will be attended to in good time.)

A concert hall that is at once ample and intimate, resonant and clear in sound presence, represents a notable gain for London.

The concert hall in which the LSO rehearsed yesterday

## UK NEWS

# Law Commission proposes wide-ranging law on breach of confidence

BY A. H. HERMANN, LEGAL CORRESPONDENT

A WIDE-RANGING law on breach of confidence was proposed yesterday by the Law Commission. If the proposals are accepted by the Government they will go far towards bringing order to an area of civil law conspicuous for its uncertainty and inadequacy.

These shortcomings of present law have become apparent in cases such as British Steel v Granada Television and Jonathan Cape and the publication of Cabinet secrets in the Crossman Diaries.

Less obvious is the way that judge-made law has lagged behind the communications technology. The common law of breach of confidence applies only to information which has been entrusted by one person to another and then revealed in breach of that trust.

The commission recommends that common law should be replaced by a statute which would also provide protection for confidential information against theft, deception, bugging, telephone tapping, and manipulating electronic data banks.

The central problem that the commission had to tackle was the balance between the need to protect confidentiality in appropriate cases and the need to prevent restriction on the circulation of information essential to a free society on the other.

The commission does not appear to have attempted to achieve an absolute equality between these two conflicting interests and tilts the balance in favour of the social interest. When a person accused of breach of confidence pleads that he acted in the public interest, it will be up to the plaintiff to prove that the public interest in preserving confidence is in that particular case greater than the public interest in its disclosure.

To assist the courts in deciding between such contradictory claims, the commission has proposed guidelines. The effect of the recommendations will be to widen the circumstances under which publication in breach of confidence is justified. Now it is only permitted if the information related to fraud, crime or other misconduct.

*The proposed legislation* would make it clear that there *is no liability to treat as confidential information which is, in fact, public. Thus, information* read in open court will be regarded *as public* and freed from any pre-existing obligation of confidence. This does not, of course, exclude the possibility that the judge will impose reporting restrictions.

Similarly, confidential information disclosed in breach of confidence and then published by a newspaper becomes public and, although the person who broke the confidence and the newspaper—if it knew about it—will be liable, other newspapers will be able to reprint it.

*Perhaps the most radical proposal* would impose an obligation *of confidence where information* is obtained by certain *means even if their employment* did not amount to a criminal offence or to a civil wrong. So, in addition to violence and deception, these would include electronic bugs and similar devices and interference with a computer or data retrieval machine. Not only those who break a confidence in this way but also any third party who knows that the information was wrongly obtained and uses it, would become liable.

The new rules would apply to government and public bodies in respect of any information supplied to them. Although the legislation would not provide protection against electronic bugging and telephone tapping, it would provide the person from whom information is obtained in this way with a civil remedy against the use and disclosure of such information.

It is proposed that members of the police or security services should be treated no differently from anybody else in respect of information obtained by unlawful means; for example, stolen or obtained by violence.

When, however, the means employed are not unlawful, the commission's proposal is that police and security authorities should be in the same position as members of the public only when they did not act in their official function for the purpose of protecting the security of the state or of crime prevention or investigation. Even then, the information should be available only for those purposes or for related legal proceedings.

The new legislation is intended to make available to courts a more flexible range of remedies when dealing with unauthorised disclosure of industrial secrets. Where a manufacturer has made use of information unaware that it was confidential—and spent money on its utilisation—for example, by equipping a factory for a process, the court could make an "adjustment order" allowing the manufacturer to use the process in return for a royalty or lump sum payment.

In the case of unauthorised disclosure of private information, the commission also proposes that courts should be able to award damages for mental distress.

*Breach Of Confidence, Law Com. No. 110, SO Cmnd. 8388, £8.35.*

# Trust will help small companies

By Robin Pauley

AN ENTERPRISE trust, co-ordinating public and private sector activities to help new and small businesses, will be established in Swindon, Wiltshire.

The Swindon Enterprise Trust is being set up following discussions and co-operation between Thamesdown District Council and companies including Burmah Oil, Hambro Life, Lloyds Bank, Swindon Chamber of Commerce, Swindon College, Swindon Trades Union Council and the Wiltshire branch of the Confederation of British Industry.

The trust will be non-profit making. It will aim to put businessmen needing advice in touch with those who can provide experience and expertise in locally-based industry and commerce.

Thamesdown Council is contributing £60,000 to the first three years' costs estimated at £110,000. Local companies attending an inaugural meeting of 17 interested bodies pledged a further £14,000 together with goods and services to help the running of the trust.

Initially, the trust's only full-time employee will be a general manager.

*The organisers of the trust* said yesterday that about 80 per *cent of new businesses fail* within four years. Finance was rarely the problem. Expert advice at crucial times was more often required.

# Plessey offers range of desk-top terminals in its electronic office

BY ALAN CANE

PLESSEY, a major UK supplier of telecommunications equipment, yesterday took its long-awaited step into the "electronic office" market.

From next year it will offer a range of desk-top terminals which can be connected like a telephone to its most advanced electronic branch exchange.

Office workers will be able to use these terminals, comprising a television-style screen and a keyboard, for word processing, sending messages electronically and keeping their diaries up to date.

The electronic branch exchange around which Plessey has created its office system is based on technology from the small U.S. telecommunications manufacturer Rolm. Plessey has sold, or has on order, 300 of these exchanges and is selling 10-12 a month.

Mr Desmond Pitcher, *managing director of Plessey Telecommunications*, pointed out that modern offices are equipped with modern internal telephone systems. *In the next replacement cycle*, they would be based on digital (computer) technology.

It made economic and business sense to use the familiar communications network in the office; it already handled voice. Data, text and image could be added by modifying the system.

Plessey, which sold its share in ICL two years ago partly to finance expansion in the electronic office, is coming late to a market already dominated by U.S. giants such as Xerox, Exxon, IBM and Wang, each *offering a proprietary view of* the form office automation should take.

Mr Pitcher said: "There are *no market leaders. Nobody is* yet offering the market a total *system capability. When* leaders do emerge, Plessey will be among them."

Industry experts this week agreed that the office market was highly volatile.

The Plessey digital exchanges are capable of handling up to 2000 telephone lines. The cost of a large system could be £250,000. When the company is free, through British Telecom demonopolisation, to sell exchanges of less than 120 lines, a 40-line system could sell for £100,000.

The new system was developed over five years at a cost of £10m.

Details, Technology, Page 14

# CBI publishes guide to the media

BY LISA WOOD

A GUIDE to help businessmen deal with the media was published yesterday by the Confederation of British Industry in association with Abbey Life Assurance.

The book, called The Headline Business, is a guide to the printed word and television. Mr Bryan Rigby, deputy director general of the CBI, said it *set out to bridge the gulf which* exists between businessmen and the media.

The book's authors, including journalists, examine approaches and attitudes to news and explain how misunderstandings can arise and how they can be avoided.

The book affords an ABC to dealing with the Press—for example defining the difference between an off-the-record comment and a non-attributable one. *It also illustrates* how a company can promote its image in the media.

It is the second publication from the CBI in the last week in which it urges businessmen to promote their interests more vigorously.

The other booklet, Getting the Business View Across in the European Community, urges UK businessmen to be more forceful in lobbying EEC decision-makers.

*The Headline Business, available from CBI, £2.50.*

# Computers trial for PAYE work

By Tim Dickson

**A COMPUTERISED system for the Pay As You Earn work of local tax offices will be introduced in a small number of tax districts at the end of 1984.**

**"After evaluation of this live operation a decision will be taken whether to proceed with the introduction on a rolling basis into all 600 local offices," Sir Lawrence Airey, chairman of the Board of Inland Revenue, *told the* London Society of Chartered Accountants.**

**He said that if all goes well the changeover period should be completed by late 1987. But he stressed: "We shall not lose the personal relationship that is often built up between a PAYE allocation officer and his or her counterpart in a firm's payroll department."**

**Sir Lawrence said the Inland Revenue Department has already achieved a saving of 1,250 staff and is considering proposals for saving another 2,600 staff.**

**As part of this year's programme the department is reviewing administrative procedures relating to Schedule D and repayments, and is also looking at the scope for simplifying forms.**

**Sir Lawrence said there are *some functions which could* disappear without adding to clients' burdens.**

# Recession 'a tonic' says industry expert

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE RECESSION could be a vital tonic for British industry, says Professor Richard Stapleton, head of Business Finance at *Manchester Business School*, in an article published yesterday.

In the latest *issue of the* Journal of Economic Affairs, he *says: "In our day both products* and technology are changing *rapidly. In such a period* the destruction of unadaptable industry in a deep recession can be a major benefit, if not an essential prerequisite for change."

*Professor Stapleton contends* that few UK companies are *ruthless in pursuing higher pro*fits through the use of new *machinery* and techniques when this would involve dislocation or scrapping of their existing factories.

*The general resistance of UK* industry to change is, he says, *partly* because *there are rela*tively few small companies in *the country*. They make up only 29 per cent of manufacturing employment compared with 66 per cent in Japan, 33 per *cent in* the U.S. and 51 per cent in France.

"Large organisations are able to shield resources from inconvenient pressures of the market place and are shaken into action only when things become very bad indeed," he says.

The inertia of larger firms has been encouraged by government policies since the war, says Prof Stapleton. Company laws which protect employees' redundancy payments, have made it more difficult for *inefficient plants to be closed*. Pension policies, regional policies and the taxation of house purchases, have also made it harder *for workers* to move around to find new jobs. On top of this, immobility of labour within companies has been increased by restrictive practices, he says.

Professor Stapleton argues: "These powerful factors, which hinder the efficient re-allocation of resources in a period of accelerating technological change lead to the rather startling conclusion that no industry might be better than old industry.

"In other words, short-term unemployment is *less* wasteful than long-term misemployment and *underemployment of* labour. When industry is *rebuilt after the recession of* the 1980s, it will be a different *industry. It will* be producing different products in radically more efficient ways."

For this reason, he believes that the recent calls for reflation of the economy are misguided, not merely because price inflation would increase, but because the pressure for radical and beneficial change would be lifted from industry.

The Government should therefore carry on with its present tight monetary and fiscal policies.

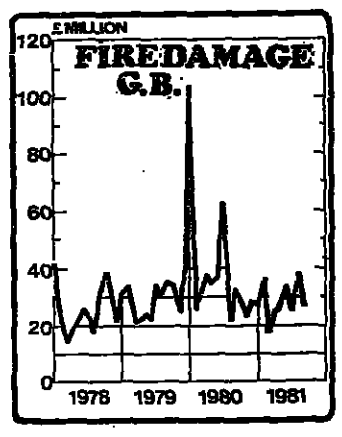
* *Journal of Economic Affairs Vol 2 No 1 from Institute of Economic Affairs 2 Lord North Street, London SW1.*

# Cost of fires down £12m on August

By Eric Short

THE COST of fire damage in Britain last month fell by nearly £12m to £26.2m the British Insurance Association announced yesterday. The statement follows the high figures for August.

September's cost were more than £6m lower than those for the corresponding month last year.



Total fire damage in the first nine months of 1981 came to £257.5m—one-third lower than for the first nine months of 1980 which amounted to £387.3m. Total damage last year amounted to a record £489.3m.

The largest fire, last month, resulting in damage costing £1.75m, occurred at a shopping and gymnasium complex at Bentley near Doncaster.

# Manufacturing industry optimism weakens

BUSINESS OPTIMISM has weakened during the past three months in manufacturing industry and both demand and output are unlikely to recover in the next four months.

Redundancies are continuing and output per head is increasing substantially. Export demand has stabilised in the past four months and some recovery is expected in the next few months.

Corporate liquidity also improved in the past year and a further improvement is expected in the year ending April.

These are the main conclusions of the CBI's quarterly industrial trends survey, published yesterday, and involving more than 1,760 companies in manufacturing industry.

The survey was conducted between September 25 and October 14, which means that respondents knew of the 4 per cent increase in interest rates introduced in two stages on September 16 and October 1.

On business confidence, 14 per cent of the participants said they were more optimistic than four months ago about the general business situation in their own industries. A further 63 per cent reported no change and 23 per cent said they were less optimistic.

This means that a balance of plus 2 per cent reporting more rather than less optimism in July has fallen to a negative balance of 9 per cent.

The CBI says this fall is not as sharp as most recorded since mid-1979. "Furthermore, taken together, the results of the last three surveys could reflect some modest strengthening of business confidence, albeit at a low level, following two years of marked falls."

Less optimism is most apparent for intermediate goods industries rather than for capital and consumer goods. It is especially marked in electronics goods and industries linked to construction.

But a balance of plus 12 per cent of the respondents said they are more optimistic than four months ago about their export prospects for the next year. This is the same figure as July, indicating a continuing improvement, and compares with plus 1 per cent in April.

Stronger export confidence is reported across all broad groups of industries except for food, drink and tobacco. Optimism is more widespread for companies in intermediate goods industries and among companies employing more than 500 people.

Export demand is reported to be stronger in 18 individual industries and most noticeably in chemicals, coal and petroleum products, and electrical engineering. It is reported to be rising for the largest businesses employing more than 5,000 but declining on average for the remainder.

Looking ahead, a modest strengthening in export demand is indicated: 25 per cent of companies expected their intake of orders to rise in the next four months while only 14 per cent forecast a reduction. By contrast with information about the past four months, the smallest companies employing less than 200 people expect the most buoyant export demand.

Nearly a third of the companies reported that their average price at which export orders were booked rose over the past four months while 12 per cent reported a fall. The balance of plus 18 per cent represents more widespread export price increases than in the preceding 15 months, but still indicates weak prices compared with earlier periods.

Just over 70 per cent of companies expected their prices relative to overseas competitors to be likely to limit new export orders in the next four months. This compares with 85 per cent in April, the highest figure ever in the survey.

Answering questions dealing with total trade at home and abroad, 22 per cent of the participants said their volume of total new orders rose over the past four months, whereas 32 per cent said there was a decline. The balance of minus 10 per cent reporting fewer rather than more orders points to a small decline, says the CBI. But the result is considerably better than the minus 61 per cent recorded a year ago.

Higher demand is reported by companies in the broad area of chemicals, coal and petroleum products, and in electrical engineering. Falling demand was reported by metal manufacturing companies and by those in paper, printing and publishing.

Over the next four months, 22 per cent of participants said they expect a higher intake of total new orders while 20 per cent forecast a decline. Thus for the second survey running, the proportion of businesses expecting higher demand exceeds, if only marginally, the proportion predicting a decline.

A total of 68 per cent of companies said their order books were below normal levels, 6 per cent said they were above normal and 26 per cent reported normal levels. But CBI's economists doubt the value of this answer.

"Because of a tendency on the part of some participants to adjust their perception of what constitutes a normal order book in response to the persistence of recessionary levels of demand, this slight strengthening in firms' assessments of their order books cannot be regarded as pointing to longer order books.

"This conclusion is consistent with the absence of results suggesting a higher intake of new orders in recent months."

Information about months of production accounted for by companies' current order books confirms the impression that order books have not lengthened and, therefore, that companies have been revising their views of what constitutes a normal order book, says the CBI.

Of companies answering this question, 32 per cent said they had less than four months' assured production (compared with 79 per cent a year ago and in July this year). Only 7 per cent said they had more than six months' production.

A total of 77 per cent of the companies said they were working below a satisfactory full rate of operation. This compares with a record proportion of 84 per cent a year ago, 82 per cent in April, and 78 per cent three months ago.

Wide variations are reported from different industries.

For the next four months, 19 per cent of companies expect a rise in their volume of output. This is precisely equalled by those expecting a fall. Companies in the chemicals, coal and petroleum products group pointed to a noticeable rise in output. Conversely, companies in the food, drink and tobacco group have forecast a noticeable fall.

The survey suggests that the previous steady decline, since September, 1980, in the extent to which finished goods stocks are regarded as excessive by participants has been halted, says the CBI.

"This is consistent with the continued desire to destock, although at the more modest rate of the recent past, and thus with the evidence pointing to flat output levels."

More than 90 per cent of companies continued to say that shortage of orders and sales are the factors most likely to limit output in the next four months.

Capital investment intentions remain weak, especially for construction work and widespread cuts in employment are expected in 40 of the 44 industrial areas covered in the survey.

*Industrial Trends Survey No. 82. October 1981. CBI, Centre Point, Tottenham Court Road, London WC1. Price £110.*

TOTAL TRADE—All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last July. Number of respondents: 1,766.

| | More | Same | Less |
|---|---|---|---|
| Are you more or less optimistic than you were four months ago about the general business situation in your industry | 14 (17) | 63 (67) | 23 (15) |

| Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on: | More | Same | Less | N/A |
|---|---|---|---|---|
| (a) Buildings | 10 (11) | 35 (31) | 43 (46) | 13 (11) |
| (b) Plant and machinery | 25 (31) | 35 (34) | 38 (44) | 1 (1) |

| | Yes | No | N/A |
|---|---|---|---|
| Is your present level of output below capacity (ie are you working below a satisfactory full rate of operation) | 77 (78) | 22 (22) | 1 (1) |

Excluding seasonal variations, do you consider that in volume terms:

| | Above normal | Normal | Below normal | N/A |
|---|---|---|---|---|
| (a) Your present total order book is | 6 (4) | 26 (25) | 68 (70) | — (1) |
| | More than adequate | Adequate | Less than adequate | |
| (b) Your present stocks of finished goods are | 21 (23) | 62 (63) | 4 (3) | 12 (11) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months Up | Same | Down | N/A | Expected trend over next four months Up | Same | Down | N/A |
|---|---|---|---|---|---|---|---|---|
| Numbers employed | 6 (5) | 33 (28) | 61 (67) | — (—) | 5 (6) | 42 (42) | 53 (52) | — (—) |
| Volume of total new orders | 22 (21) | 44 (42) | 32 (35) | 2 (2) | 22 (20) | 56 (62) | 20 (16) | 2 (2) |
| of which: Domestic orders | 20 (17) | 45 (48) | 33 (34) | 2 (2) | 19 (18) | 61 (65) | 18 (16) | 2 (2) |
| Volume of output | 16 (16) | 58 (54) | 25 (29) | 1 (1) | 19 (15) | 61 (71) | 19 (14) | 1 (1) |
| Volume of domestic deliveries | 17 (17) | 53 (50) | 27 (32) | 3 (1) | 19 (18) | 58 (65) | 20 (15) | 3 (1) |
| Stocks of: (a) Raw materials and brought-in supplies | 12 (8) | 50 (50) | 35 (38) | 4 (4) | 11 (7) | 57 (67) | 27 (22) | 5 (4) |
| (b) Work in progress | 12 (8) | 52 (51) | 27 (31) | 9 (10) | 12 (7) | 57 (61) | 22 (21) | 10 (10) |
| (c) Finished goods | 12 (12) | 45 (42) | 32 (34) | 12 (12) | 10 (9) | 53 (58) | 24 (22) | 13 (12) |
| Average costs per unit of output | 46 (50) | 45 (42) | 7 (7) | 2 (—) | 60 (50) | 34 (44) | 4 (6) | 2 (—) |
| Average prices at which: Domestic orders are booked | 39 (28) | 57 (55) | 12 (16) | — (—) | 46 (35) | 50 (57) | 4 (7) | — (—) |

Approximately how many months' production is accounted for by your present order book or production schedule:

| Less than 1 | 1-3 | 4-6 | 7-9 | 10-12 | 13-18 | More than 18 | N/A |
|---|---|---|---|---|---|---|---|
| 19 (17) | 48 (46) | 9 (11) | 3 (3) | 1 (1) | 1 (2) | 1 (1) | 18 (20) |

What factors are likely to limit your output over the next four months:

| Orders or sales | Skilled labour | Other labour | Plant capacity | Credit or finance | Materials or components | Other |
|---|---|---|---|---|---|---|
| 91 (92) | 3 (3) | 1 (1) | 7 (6) | 2 (2) | 3 (2) | 2 (1) |

| | More than adequate | Adequate | Less than adequate |
|---|---|---|---|
| In relation to expected demand over the next 12 months is your present present fixed capacity | 60 (63) | 38 (34) | 2 (2) |

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

| To expand capacity | To increase efficiency | For replacement | Other | N/A |
|---|---|---|---|---|
| 12 (11) | 64 (66) | 51 (50) | 4 (7) | 14 (13) |

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

| Inadequate net return on proposed investment | Shortage of internal finance | Inability to raise external finance | Cost of finance | Uncertainty about demand | Shortage of labour including managerial and technical staff | Other | N/A |
|---|---|---|---|---|---|---|---|
| 35 (38) | 21 (22) | 5 (3) | 12 (9) | 52 (52) | 2 (1) | 2 (2) | 15 (13) |

EXPORT TRADE — Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: 1,280.

| | More | Same | Less | N/A |
|---|---|---|---|---|
| Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago | 28 (26) | 55 (59) | 16 (14) | 1 (1) |

Excluding seasonal variations, do you consider that in volume terms:

| | Above normal | Normal | Below normal | N/A |
|---|---|---|---|---|
| Your present total order book is | 10 (8) | 31 (29) | 58 (62) | 1 (2) |

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

| | Trend over past four months Up | Same | Down | N/A | Expected trend over next four months Up | Same | Down | N/A |
|---|---|---|---|---|---|---|---|---|
| Volume of total new export orders | 30 (20) | 38 (48) | 29 (29) | 3 (3) | 25 (20) | 57 (66) | 14 (11) | 3 (3) |
| Volume of export deliveries | 21 | 51 | 24 | 4 | 25 | 55 | 16 | 4 |
| Average prices at which export orders are booked | 30 (27) | 55 (57) | 12 (14) | 3 (1) | 39 (37) | 49 (57) | 8 (5) | 3 (1) |

What factors are likely to limit your ability to obtain export orders over the next four months:

| Prices (compared with overseas competitors) | Delivery dates | Credit or finance | Quota and import licence restrictions | Political or economic conditions abroad | Other |
|---|---|---|---|---|---|
| 71 (77) | 7 (7) | 7 (7) | 10 (8) | 36 (38) | 4 (6) |

## Scottish, Welsh recovery signs low

BY MARK MEREDITH AND ROBIN REEVES

INDUSTRIAL ACTIVITY in Scotland and Wales is showing few signs of recovery from the recession, according to the latest Confederation of British Industry surveys of trends in both countries.

Business confidence has waned and labour-shedding continues in manufacturing, says the CBI October quarterly trends survey for Scotland, published yesterday.

It covered 170 manufacturing companies. It also reflected a marked deterioration in export optimism since July.

"It appears that new export order volumes have been falling. Forecasts for the next four months point to a further and noticeable decline although some sectors report and expect some increases," it said.

Though a slight decline in business confidence was recorded, more than half the respondents in the metals and metals manufacturing sector were more optimistic than three months ago.

Nine out of 10 Welsh companies continue to expect a shortage of orders for sales to limit their output over the next four months, says the CBI Wales survey.

Although 21 per cent of companies reported an increase in their volume of output over the past four months, more than 19 per cent reported a decline. The returns suggest there will be little net change, or at best a slight rise for the rest of the year.

However, the survey does indicate a small net recovery in export optimism and investment intentions compared with the rest of the UK.

Only 6 per cent of companies reported an increase in numbers employed — 52 per cent reported a decline.

# Rolls-Royce threatens to shut components plant hit by strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

ROLLS-ROYCE has warned that its big aero-engine components plant at Hillington, Glasgow, could close if workers there do not co-operate with new working practices.

A mass meeting of the 1,500 skilled engineering workers yesterday voted to continue their week-long strike action which led to the laying off on Wednesday of the remaining 2,500 hourly-paid workers and the total stoppage of production. The plant's 2,000 white-collar staff have remained at work.

The dispute, which has not been made official by the workers' union, the Amalgamated Union of Engineering Workers, is over the re-timing of work, which the local union officials claim means extra work for no extra money.

The mass meeting registered ...ift in the objection by the workers. They accepted—for the first time—that the new work practices, known as "standard data timing," would be introduced, but demanded that they should receive a 10 per cent rise to accept them.

Mr George McCormack, the stewards' convenor, said after the meeting: "Standard data timing means in real terms a 6 to 9 per cent saving in time and we want that reflected in money terms."

Mr McCormack said that the workers laid off had indicated support for the 1,500 strikers.

Rolls-Royce claimed last night that the new system had already been recognised in the last pay deal, and that the workers were claiming payment twice.

In a statement last night, the company said that the stoppage in production would mean a shortage of components and it would hinder aero-engine production in the group's other plants. Orders for components were being diverted to other factories.

However, the company stressed that "there is the long-term danger that if the Scottish workforce is not prepared to adopt more efficient methods of working, they won't be in the game as far as aero-engine manufacture is concerned. In that case, the plant would gradually decline."

The company said that other Rolls-Royce plants had already adopted the new working practices. The strikers meet again next Thursday, but no official meetings are planned between union officials and management.

## Over 2,000 walkout at Ford plant

SOME 2,200 Ford Halewood production and white-collar workers took part in a 24-hour strike yesterday, closing a transmission plant. The protest was over the disciplining of six union conveners and shop stewards who left the plant during working time to attending union talks on the company's future prospects.

Ford said the men had attended two previous meetings and should have held the discussions in their own time.

### Factory still closed

A Manchester factory hit by a long-running industrial dispute is not to reopen after all.

After a sit-in by workers at Laurence Scott and Electroc Motors, which closed in April, it was announced two weeks ago that the plant would reopen.

Management said only 150 workers would be re-employed—the workers said the number should be 230.

A mass picket stopped the factory reopening on Monday and now management has reversed its decision to reopen.

### Pub with no beer

Pubs in Lincolnshire have run out of beer after a strike by draymen and warehousemen employed by Bass (North) at nine of their depots.

## Councils to pay most of firemen's 10% rise

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is unlikely to fund the difference between its 4 per cent cash limit pay provision for the public services and the 10.1 per cent pay settlement formally announced yesterday on behalf of the 36,000 firemen.

Whitehall sources made clear yesterday that the Government would not stray beyond the 4 per cent to meet the settlement, and would leave it to be made up from individual authorities' expenditure.

This is seen in part as a recognition of the special arrangements which led to local authority employers concluding a deal of more than double the figure provided for under councils' cash limits. After the 1977-78 firemen's strike their pay increases were fixed to movements in the top quarter of male manual earnings, as measured by the Department of Employment.

The Government, in its expected refusal of further funding of the deal, will be keen to ensure that the firemen's settlement is not seen as a breach of its cash limits by other unions in or on the verge of negotiations.

Even though the deal is the first major public-sector pay settlement of the winter, other unions in negotiation, including the miners and water workers, recognise the special circumstances of the firemen's settlements.

The movement in the upper quartile of male manual workers' earnings, as published in the Department's New Earnings Survey, showed an 8.45 per cent rise.

These figures run from April to April, and so were updated to provide the eventual firemen's settlement, though there was some argument in the negotiations before conclusion of the deal as to whether the final figure should be 9.75 or 10.1 per cent.

The final figures arrived at will give a fireman aged 18 with less than six months' service a basic-rate increase from £99.43 to £109.49, and for a qualified fireman from £126.40 to £139.18.

The new rates, which will be applicable from November 7, are for a 42-hour basic working week on a seven-day 24-hour rota.

Mr Ken Cameron, general secretary of the Fire Brigade Union, said after the announcement of the deal yesterday that it was "a sensible and honourable agreement" which broadly kept his members in line with the prevailing rate of price inflation and removed the risk of industrial disruption in the fire service.

The employers had agreed to meet the results of the pay formula despite the stricture of the Government's cash-limit pay provisions, after an effort last year to revoke it which led the FBU to the brink of a national strike.

**Brian Groom** reports on the campaign visit to Nottingham by the left-wing miners' leader

# Scargill woos the right

MR ARTHUR SCARGILL, the militant Yorkshire miners' leader, who is strongly tipped to succeed Mr Joe Gormley as president of the National Union of Mineworkers next year, has been rubbing salt in the wounds of the man drafted by moderates to stop him.

It was not done deliberately or cruelly. But, by a coincidence, Mr Scargill's barnstorming campaign has this week swung through the home territory of Mr Ray Chadburn, Nottinghamshire miners' president, only two days after Mr Chadburn's own area dealt him a severe blow when it nominated Mr Scargill for the national presidency by 15 branches to 9, with 8 abstensions.

On Wednesday night, Mr Scargill addressed the Bilsthorpe Miners' Welfare Club, six miles from Mr Chadburn's Warsop home. Yesterday he went down Cotgrave colliery in South Nottingham and last night he spoke at a Labour Party meeting in the adjacent village.

His aim is to persuade the miners—traditionally a bastion of the union's Right—to turn their nomination into votes in the secret pithead ballot on December 2 to 4.

Meanwhile, Mr Chadburn, who stood down and then re-entered the race and had to turn to the one-pit Cumberland coalfield to be nominated, has had to interrupt his renewed campaign for a 10-day Miners' International Federation visit to South America.

Mr Scargill has been nominated by ten areas, which account for 87 to 90 per cent of the union's membership, and is confident of victory.

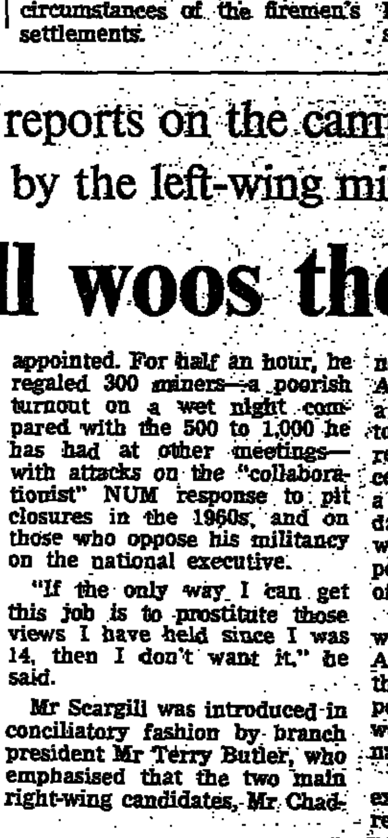
But nominations are not ballot votes. He still needs to make an impression on miners such as those at Bilsthorpe, one of the nine branches which loyally nominated the Nottinghamshire president.

The complexion of the coalfields has been changing, however, and Bilsthorpe is politically divided. Some put the changes down to the large number of transferees who have arrived from other areas in recent years, but in Bilsthorpe's case the split is generally between the younger and older generations.

If any hoped for a conciliatory bridge-building speech from Mr Scargill, they were disappointed. For half an hour, he regaled 300 miners—a poorish turnout on a wet night compared with the 500 to 1,000 he has had at other meetings—with attacks on the "collaborationist" NUM response to pit closures in the 1960s, and on those who oppose his militancy on the national executive.

"If the only way I can get this job is to prostitute those views I have held since I was 14, then I don't want it," he said.

Mr Scargill was introduced in conciliatory fashion by branch president Mr Terry Butler, who emphasised that the two main right-wing candidates, Mr Chadburn and Mr Trevor Bell, would also visit the branch, and that the fourth candidate, Mr Bernard Donaghy might be invited.



Arthur Scargill: Proud to be a militant

"Militancy and moderation are only ways you go about getting something," he said.

The Yorkshire president, however, saw moderates as people who perceived what was happening to their members' livelihoods but sat back and let it take place. Militants stood up to fight it. "I'm proud to say that I'm a militant," he added later.

Mr Scargill's unambiguous line was respected, even by those in the audience who disagreed with some of his ideas.

He made his familiar promise to concentrate on "policies, not personalities," and kept it. A battery of policies was fired: a ban on imported coal and oil to generate electricity; subsidy; resistence to pit closures except on grounds of exhaustion; a £100 a week minimum, a four-day week, and retirement at 5, without loss of pay; and periodic re-electoin of union officials, including the president.

But the personality factor was at work in the audience. Almost all admitted afterwards their respect for the charismatic power of the man they know would cut a strong figure as natoinal leader.

That, and the feeling that the exigencies of power would restrain him in office, is plainly persuading many moderates to consider voting for him.

Comparisons with Mr Tony Benn were rife. But, whereas Mr Benn's campaign must ultimately face the wider electerate, Mr Scargill's electorate are the miners, with their strong class identity.

He knows well—and exploits—the fact that the more the Press pillories him as a demagogic bogey-man, the more it cajoles miners into supporting him.

He was careful to emphasise those policies, such as a salary for miners as well as management and staff, which project him as the miners' champion. "What's good enough for them is good enough for the lads who actually produce coal in the bowels of the earth," he said to loud applause.

Yesterday at Cotgrave he made one of what he emphasises are regular visits down pits. Mr Chadburn projects himself as a miners' champion too, and worked underground until four years ago. But what Mr Scargill's visit drew out at Bilsthorpe and Cotgrave was disenchantment with the Nottingham president's indecision over his candidature.

Mr Chadburn may, however, still win more local votes than the nominations would indicate. The two men are to take part in a television debate on November 23.

Mr Chadburn is well aware of the power of his rival's media image and its role in ensuring large audiences at the Yorkshire president's remaining 37 campaign meetings.

Mr Scargill has what the Americans call "Big Mo"—momentum.

هكذا من الأصل

# Jenkin attacked over BL impasse

BY IVOR OWEN

FEARS among Labour MPs that the BL pay dispute could end in a major industrial catastrophe for Britain heightened last night with the failure of the attempts by the Government arbitration and conciliation service to find a formula to avert the strike due to start from midnight on Sunday.

Demands for an emergency debate, led by Mr Stan Orme, the shadow Industry Minister, were rejected by the Speaker, Mr George Thomas, and there was no response from the Government for calls for an immediate statement.

Some Labour back benchers accused Mr Patrick Jenkin, the Industry Secretary — who sat silent on the Government front bench during the exchange—of treating the House with contempt.

The fact that parliament prorogues today with the ending of the current session and that there will then be no opportunity for the issue to be discussed in the Commons before Wednesday, when the new session opens, added to the anger and frustration of Labour MPs.

Mr Orme stressed that half a million jobs were at risk in both the public and private sectors, and argued that as BL was a publicly-owned enterprise the Commons and the Government and not just Sir Michael Edwardes and the other members of the board of directors were entitled to a say in the company's future.

He accused Sir Michael of "exacerbating" the situation by sending a letter to employees threatening to liquidate plants affected by strike action.

Mr Orme described this as an exercise in "Russian roulette" rather than the operation of industrial democracy.

With no prospect of either a debate or an immediate statement Mr William Hamilton (Lab, Fife) rounded on Mr Jenkin.

The Minister remained silent and impassive as he demanded: "Surely you are not going to be as stupid or as insensitive to sit there and say nothing while BL and the country are bled to death?"

Earlier, Mr Michael Foot, the Opposition leader, argued that the Prime Minister's insistence on Tuesday that the handling of industrial relations must be left to the BL management, ought not to prevent the Government intervening to prevent plants being liquidated.

He pressed for an undertaking that the Government would not agree to the sale of any of BL's assets until the House of Commons had been given an opportunity to debate the matter.

The Prime Minister would give no such pledge, but accepted that as the Government was the main shareholder in BL, it would be reasonable to assume that the Industry Secretary would keep in close touch about any development involving liquidation.

In responding to further questions, Mrs Thatcher rebuked Mr Foot for forecasting—in advance of the news being announced — that the ACAS initiative would result in breakdown.

The Prime Minister complained that Mr Foot was not helping a very difficult situation, but added: "The Government as major shareholders will be in touch with the board of BL if it is a question of putting it into liquidation."

# Lords drop Nationality Bill reform amendment

By John Hunt, Parliamentary Correspondent

LABOUR PEERS failed last night in a last-minute attempt to make a major alteration to the British Nationality Bill.

With the support of the bishops and cross-benchers they tried to insist on an amendment giving the right of appeal to the courts when the Home Secretary refused British citizenship. The appeal would be made on the grounds of discrimination by race, colour, or religion.

The Government had managed to defeat the amendment in the Commons earlier in the week. Last night the Labour peers tried to retain it despite the Commons verdict, but their attempt was defeated by a Government majority of 20 (116 to 96).

This means that the Home Secretary will continue to have sole discretion in nationality cases.

If the Lords had succeeded in retaining their original amendment the Bill would have been put in jeopardy, as the Parliamentary sessions ends today and all legislation uncompleted is automatically dropped.

The Bill sets up three categories of citizenship.

Lord Elwyn-Jones, the former Lord Chancellor, had insisted in the Lords debate that the House now had an opportunity to show the public that "civil liberty and racial equality are matters of concern to this House."

# Gwynfor steps down, still hopeful after 36 years at the helm

BY ROBIN REEVES, WELSH CORRESPONDENT

GWYNFOR EVANS was genuinely amused at the suggestion that Plaid Cymru might be finished.

"I was once told I was the only member left in the party. We have fallen back much further than this in our history, but we have always come back in even greater strength."

It was in August 1945, a few days before the atomic bomb fell on Hiroshima, that he was first elected president of the Welsh nationalist party. This weekend, at the age of 69, he is stepping down from the leadership of a cause which, over the past 36 years, he has come to symbolise.

Given his unique historic perspective, his lack of pessimism becomes a little more understandable. In his time, Plaid Cymru has grown from an obscure handful of people (I could only find a dozen members in Carmarthen, he says) into an established political party with, despite recent setbacks, Westminster and local government representation and, according to successive opinion polls, a 7 to 8 per cent bedrock of support among Welsh voters.

Yet, with his departure, Plaid Cymru is losing its father figure, the kind of leader who is above the internal battles which take place in every political party.

The fight for the succession between his two young lieutenants in the last parliament, Dafydd Wigley, MP for Caernarvon, and Dafydd Elis Thomas, MP for Merioneth, is very much a right-left struggle in the Labour Party mould.

Yet whoever wins, the most important change will be that Gwynfor—as he is universally known throughout Wales—will no longer be at the helm.

Everyone who has met him agrees he has never been a politician in the traditional mould. His gentle, quiet-spoken manner and warmth are more in the traditional of a non-conformist minister than a political leader.

Indeed, his Christian faith and pacifism have clearly helped to sustain him through many setbacks. But beneath the gentle exterior has always been a rock-hard stubbornness of purpose pursued relentlessly through books and pamphlets as well as the toil of conventional political activities.

"Plaid Cymru is Wales's only hope. If we fail then Wales has no future," he says with a typical simplicity which both mobilises Plaid's activists and infuriates his political opponents.

Gwynfor Evans

He argues that it is solely due to Plaid pressure that Wales today is treated as an economic and administrative unit.

"The only thing the Government has had respect for is Welsh political nationalism. That is why they have made so many concessions to hold us back," he says, pointing to the establishment of the Welsh Office, the Welsh Development Agency, BBC Wales and numerous other institutions over the past twenty years.

**'Plaid Cymru is Wales's only hope. If we fail then Wales has no future'**

Two events stand out in his long political career. One was the parliamentary breakthrough he achieved for Plaid by winning the 1966 by-election in Carmarthen after the death of Lady Megan Lloyd George. Only four months earlier, in the general election, he had come a poor third behind Labour and the Liberals.

"In politics, you can never foresee what is going to happen," he stresses. He lost the seat in 1970, regained it in 1974 but then lost it again in 1979.

His original victory was highly significant in setting in motion a nationalist bandwagon in both Wales and Scotland (Winnie Ewing captured Hamilton the following year for the SNP) which threatened to break the British political mould in a very different way from that now promised by the Social Democrat-Liberal alliance. That movement was not really checked until the devolution referendums of 1979.

The other major event was last year's threat—unprecedented in Welsh political history—to go on hunger strike unless the Government acted on its promise to establish a Welsh language television service on the new fourth channel.

As a result of his stand, a new Welsh fourth channel authority is pressing ahead, and the Welsh Language Society's civil disobedience campaign, which punctuated much of the 1970s, has ended.

Plaid Cymru has always inextricably linked campaigning for the Welsh language with its objective of self-government. Gwynfor Evans freely admits that his party might have gained more support but for this emphasis. But he is unrepentant.

"We have been put in this predicament by history. If we had not combined the two, by now the main badge of our nationality, the language, would be nearly dead. We would then have less chance of raising national consciousness."

Although he is standing down as president, he has no intention of retiring from the fray altogether. This month he has been addressing a gruelling series of meetings in his capacity as vice-chairman of CND Wales, and has bowed to pressure to stand as Plaid candidate in Carmarthen at the next election.

It is a measure of his special place in Welsh politics that, whatever the fortunes of Plaid Cymru in the rest of Wales, nobody rules out his winning yet again.

# Benn moves on shadow Cabinet post

By Elinor Goodman, Political Correspondent

MR TONY BENN yesterday took the first formal steps towards getting himself back on the shadow Cabinet as a fresh row blew up in the left-wing Tribune Group about the tactics of his supporters.

Mr Ernie Ross, one of Mr Benn's closest allies, was trying to get other left-wing candidates for the shadow Cabinet to sign what Mr Benn's opponents—on both the left and right—claimed amounted to a "loyalty oath."

Mr Ross was asking MPs hoping for election to the shadow Cabinet on left-wing votes to sign a statement saying they would uphold party policy, and oppose the moves to reverse the constitutional changes secured by the left over the last few years.

Mr Ross said the statement had been drawn up in co-operation with Mr Benn whose name was on the list of MPs trying to get on the Tribune Group slate for the shadow Cabinet when nominations close yesterday.

Last night Mr Benn was one of a few former shadow Cabinet Ministers to have signed the statement.

# Labour back bench group urges Foot to oppose far left in public

BY PETER RIDDELL, POLITICAL EDITOR

A GROUP of Labour back benchers yesterday warned Mr Michael Foot, Opposition leader, of the need to make a public stand against the far left—only hours before Mr Eric Ogden, MP for Liverpool West Derby, became the 22nd Social Democratic Party MP.

Leaders of the Manifesto Group, which has 55 members of the moderate wing of the Parliamentary Labour Party, saw Mr Foot yesterday to express their concern over the activities of the far left Militant Tendency, which they believe contravenes the Labour Party constitution.

The Manifesto MPs intend to write to Labour's national executive committee, requesting that Mr Pat Wall, a prominent supporter of Militant, should not be endorsed as prospective candidate for Bradford North after his selection in succession to Mr Ben Ford, the moderate sitting member.

The group is also worried about the probable confirmation of left wingers as chairman of some of the sub-committees of the national executive following the swing against the left in the elections at last month's Labour conference.

The Manifesto Group was represented by Mr Giles Radice, its chairman and MP for Chester-le-Street, Mr George Robertson, its secretary and MP for Hamilton and Mr Ken Weetch, its treasurer and MP for Ipswich.

Mr Radice said Labour MPs and the electorate were looking for signals from Mr Foot and from the national executive that they "absolutely rejected the ideas, programme and tactics of the far left." The group is seeking a committee statement against Militant Tendency.

**THE BY-ELECTION due in Crosby now looks likely to be held on November 26 or December 3. Tory Party managers appear keen to hold it as early as possible to stop the SDP-Liberal alliance setting up a proper organisation to support Mrs Shirley Williams.**

Much of the talking at the meeting was apparently done by the deputation and Mr Foot mainly listened and made no commitments. He will, however, attend a meeting of the Manifesto Group next month to hear its views.

Mr Foot is reluctant to take any action which could be seen as proscribing any organisation even though he disapproves of the activities of Militant.

Mr Weetch said the deputation had expressed concern that "clear signals should be sent out, showing that the party was going to be more moderate in future."

Unless this happened, he said, the group considered that the Labour Party was not going to regain the votes it had lost to the SDP.

Mr Ogden formally announced last night that he had joined the SDP. With the 12 Liberal MPs this means that the alliance now has 34 MPs, the largest third force in Parliament since the Second World War.

Mr Ogden said he was pleased to have escaped from the bitterness of the Labour Party. He believed that only the alliance offered any hope "in view of the rush to the far left in the old Labour Party and to the far right in the Conservative Party. This had left an enormous vacuum of unfulfilled hopes and needs which the SDP could fill."

Mr Ogden said that Mr Glyn Parry, local SDP leader in Liverpool West Derby, had urged him several months ago to join the new party, and had now welcomed him.

# Grant to sponsor Lloyd's Bill

By John Moore

Mr ANTHONY GRANT, Conservative MP for Harrow Central, will sponsor the Bill for improving self regulation at Lloyd's of London, the insurance market.

He takes over the responsibilities of Sir Graham Page, MP for Crosby, whose death earlier this month resulted in Lloyd's having to seek a new sponsor.

Mr Grant will steer the Bill through its remaining stages in the Commons.

# Five to contest PLP chair

BY OUR POLITICAL EDITOR

FIVE LABOUR MPs will next week compete for the chairmanship of the Parliamentary Labour Party in the next session of parliament.

Mr Jack Dormand, MP for Easington, and the Opposition whip who arranges pairs for MPs, is the favourite. He has been nominated by 19 MPs, including Mr James Callaghan, the former Labour leader, and other prominent members of the party on the moderate and right wing—Mr Roy Hattersley, Mr Roy Mason, Mr Gerald Kaufman and Mr Merlyn Rees. The manifesto group is also formally backing him.

The other main contender is Mr Ian Mikardo, the MP for Tower Hamlets, who was chairman of the parliamentary Labour Party in the mid-1970s. He has the backing of the left-wing Tribune group.

The others in the field are Mr Harry Ewing, MP for Stirling and Falkirk, Mr Willie Hamilton, MP for Central Fife, and Mr Frank Hooley, MP for Sheffield Heeley.

The balloting will take place next Thursday. Mr Fred Willey, the MP for Sunderland North, the present chairman, has announced that he will not be seeking re-election.

For the second year running, Mr Martin Flannery, MP for Sheffield Hillsborough, who has the backing of the Tribune group, is challenging Mr Michael Cocks, MP for Bristol South for the job of Opposition Chief Whip. Last year, Mr Cocks won by a margin of 188 votes to 44.

Ian Mikardo

# Support for independent police complaints board

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ESTABLISHMENT of a fully independent body to investigate complaints against the police moved a step nearer yesterday with the publication of the inquiry into the police raid on houses in Railton Road, Brixton.

Reports on the conduct of some police officers concerning two of the properties have been sent to the Director of Public Prosecutions, Mr William Whitelaw, the Home Secretary, told the Commons yesterday.

He was making a statement on the report of Deputy Assistant Commissioner Dear of Scotland Yard into the complaints over the raid.

Police raided the homes in the wake of the Brixton riots after receiving information that petrol bombs had been stored on some of the premises.

Residents protested that police had caused serious damage to the premises.

Yesterday there were demands from all sides of the House for an independent complaints procedure and Mr Whitelaw made it clear that he was sympathetic to the idea.

The question is being examined by a working party under Lord Belstead. There is a police complaints board but this had been criticised because it has no powers of investigation. Complaints are investigated by the police themselves.

Mr Whitelaw agreed that the public had to be satisfied with the system and said: "I think it is important to seek to establish the best basis we can for police complaints."

Mr Roy Hattersley, Labour's home affairs spokesman, said that Mr Dear's report did not allay many of the fears of the Opposition. He saw a need for truly independent complaints machinery and for a properly constituted police authority for London.

Mr Whitelaw said in his statement that no petrol bombs were found in the houses but a crate of bottles with evidence of preparation for use as bombs was found on waste-ground nearby.

# Prior calls for Ulster political settlement

PEACE in Northern Ireland will be achieved only by a political settlement, Mr James Prior, Northern Ireland Secretary, said yesterday.

Mr Prior told the Commons at Question Time that although there had been a big rise in terrorist violence in the last year the Government was determined to win.

"But in the long run there has to be a political settlement if peace is to be achieved.

"The message that must go out from us is that we abhor murder and terrorism from wherever it comes."

# Next week in parliament

NEITHER HOUSE will sit on Monday or Tuesday. The State Opening of Parliament and the Queen's Speech will be on Wednesday, with debate on the speech continuing in the Lords on Thursday and in the Commons until Friday.

# THE PROPERTY MARKET

BY ANDREW TAYLOR

## Norwich Union plan threatened by GLC

NORWICH UNION is considering taking legal action if its plans for a new office development at London's Elephant and Castle is blocked by the Greater London Council.

The 183,500 sq ft net office scheme is threatened by the GLC's new restrictive policy on office development in central London.

The Labour controlled GLC has asked its officers to prepare a report on the possibility of the site, next door to the Elephant and Castle tube station, being turned over to industrial development rather than for an office scheme.

The council has already made it clear that it does not favour new office development in areas of London—like the Elephant and Castle—where the GLC believes that development priority should be given to housing and the creation of new industrial jobs.

Norwich Union has already started taking legal advice in case its office scheme is rejected and has indicated that it may seek compensation from the GLC if the project is blocked at this late stage.

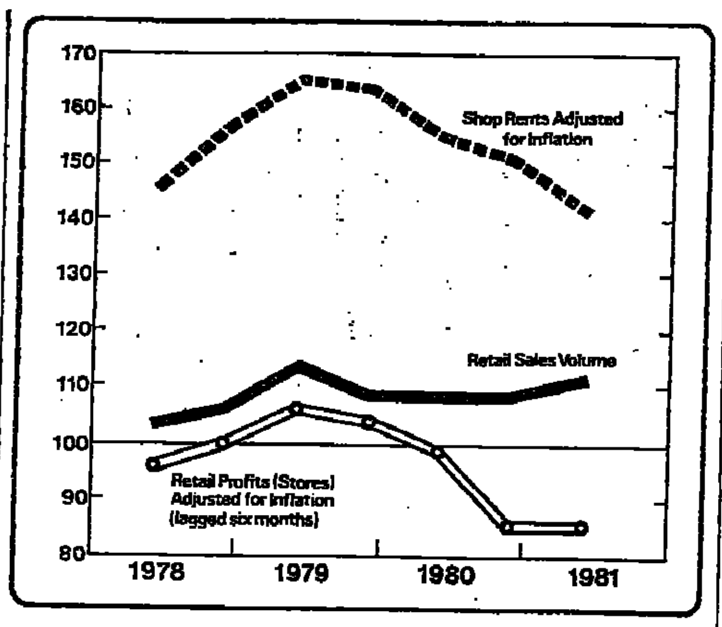
The freehold of the island site is owned by the GLC which in 1976 decided that the area should be redeveloped as offices with a new tube station booking hall to be provided by the developer by way of a planning gain.

The scheme was put out to tender and was won by Norwich Union — despite a competing bid from the local London Borough of Southwark — in July 1979. The plans called for provision of a landscaped open area, other community benefits as well as a new booking hall.

The site has not been without problems and development work has already been delayed. London Transport and the GLC had difficulty in agreeing terms over which body should pay for fitting-out the new booking hall and Norwich Union also became involved in lengthy negotiations with Southwark Council over the exact nature of planning gains to be provided.

The insurance group says, however, that most of the planning and financial difficulties had been resolved prior to the local elections which brought Labour into power at the GLC this spring. Since then negotiations on the future of the site have been brought to a standstill. Under the existing agreement with the GLC, Norwich Union was to have acquired the freehold of the site.

So far the GLC has not ruled out the possibility of Norwich Union's plans going ahead but the council would clearly prefer to see an industrial development on the site in line with its stated policy on office development.



## No shop rent recovery

WITH RETAIL profits in the doldrums, shop rents are unlikely to enjoy any significant recovery until 1983, according to the latest forecasts of shop rents by the research department of Hillier Parker May and Rowden.

The agents say that a recovery in shop rents is likely to lag six months behind the next upturn in retail profits, now unlikely to occur, say Hillier Parker, until the second half of 1982.

As a result, the agents expect rental growth to run marginally behind general rates of inflation throughout the remainder of 1981 and during 1982. Hillier Parker estimates that rents in real terms have fallen by around 6 per cent since November last year.

After adjustment for inflation the annual rate of decline in shop rents is forecast to slow to an annual rate of just under one per cent by May next year. Hillier Parker says that "the deflationary budget in the spring and the recent rise in interest rates have delayed the anticipated recovery in shop rents."

The table illustrates the close relationship between retail profits and movements in shop rents. Previously the agents have used retail sales volume as a barometer for shop rents but results have become distorted by subsequent revisions of sales volume figures. Retailers have also continued to maintain sales at the expense of profit margins.

## 'Scrap planning gain'

LOCAL authorities which seek to win unrelated development gains in return for the granting of planning permissions for large scale commercial property developments came under fire this week from the Property Advisory Group.

The Group, in its latest report to Government recommends that new planning guidelines should be established to discourage the practice of developers offering planning gains in return for planning permissions.

It has become common, particularly in large metropolitan areas, for developers to offer local authorities a wide range of planning gains—in the form of new housing, transport facilities and other community benefits—in return for favourable consideration of commercial planning applications.

PAG says that this practice should be frowned upon and emphasises that, with very few exceptions: "we are unable to accept that planning gain has any place in the system of planning control."

Mr Tom King, Minister for Local Government, said that in view of the controversial nature of the report he would seek: "the views of all interested parties before reaching any final conclusions."

The Group says: "Our main objection to the general idea of planning gain is that, as soon as a system of accepting public benefits is established which goes beyond the strict consideration of planning merits of a proposed development, the entire system of development control becomes subtly distorted and may fall into disrepute.

"Developers may come forward with schemes to which no conceivable planning objection could be raised, but be left with the impression that if they are not prepared to offer up some wholly extraneous planning gain, their application may receive a less sympathetic or less speedy consideration.

"It is also undesirable that the impression should be given that there is one law for the rich and another for the poor. In other words, we do not think that a potential developer's chances of obtaining planning permission should depend upon whether he can pay the local authority's price for obtaining it."

The Property Advisory Group recommends that a new system of planning guidelines be established which would not permit local authorities to seek extraneous development gains when considering a planning application. A scheme should be judged solely on its own merits, says the report.

The report adds that where there are genuine planning objections these may be overcome by attaching "valid planning conditions" to a planning permission. These should not include general community benefits unrelated to the successful conclusion of a commercial development.

The report provides several examples of what might be regarded as a valid planning condition. These could include housing schemes which, because of a lack of public amenities, might not be allowed to proceed if these facilities were not provided. It might be a "legitimate condition" to ask the developer to provide these amenities.

Local authorities will argue, as the report concedes, that it is right and proper for the community to expect some sort of gain from developers whose schemes will benefit from existing local environments and infrastructures though the property industry might well suggest that the addition of a new scheme, and the spin-off arising from it, should be all the community can rightly expect.

The Property Advisory Group claims that capital gains tax and development land tax are the recognised vehicles for redistributing development profits to the community. However, these are nationally collected taxes. One solution, not explored by the Group, might be to turn development land tax into a local tax—although some developers might jib at this given councils' recent moves on local authority rate increases.

Some developers might also be reluctant to see the practice of planning gains disappear. They have been happy to use the system in the past to push problematical schemes through the planning process. If the concept has now gone too far the development industry itself cannot escape some of the blame.

*Planning Gain—Property Advisory Group, SO £2.20*

## Bracknell raises £5m

BRACKNELL Development Corporation has raised over £5m by selling the freeholds of Cory House and Bentalls department store in the town centre. The sale of the 74,000 sq ft office building—let to Ocean Transport and Trading—and the 100,000 sq ft store forms part of the Corporation's assets disposal programme. Purchasers Sun Alliance Insurance were previously the head lessees. Hillier Parker May & Rowden acted for the Corporation.

● In what is thought to be the largest property transaction in the Irish Republic, Allied Irish Investment Bank has paid Ir£11m to the Gallagher Group for three prime office investments in Dublin. The properties are in Clare Street, St Stephen's Green and College Green and Jones Lang Wootton acted for Gallagher.

● Essex County Council Superannuation Scheme has paid around £2m for Greytown Property Holdings' freehold office and retail development at Wote Street/Feathers Lane, Basingstoke. Greytown House provides 12,000 sq ft of office space and is let to three tenants at a combined rent roll of £125,900 a year. Weatherall Green and Smith acted for the fund and Lane Fox represented Greytown.

● The recently completed Sun Life Properties' office scheme at Christchurch Road, Bournemouth, has been let to British Telecom at an annual rent of £87,500 exclusive.

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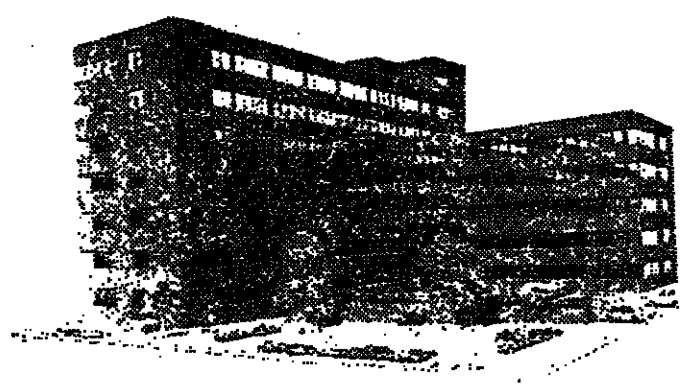

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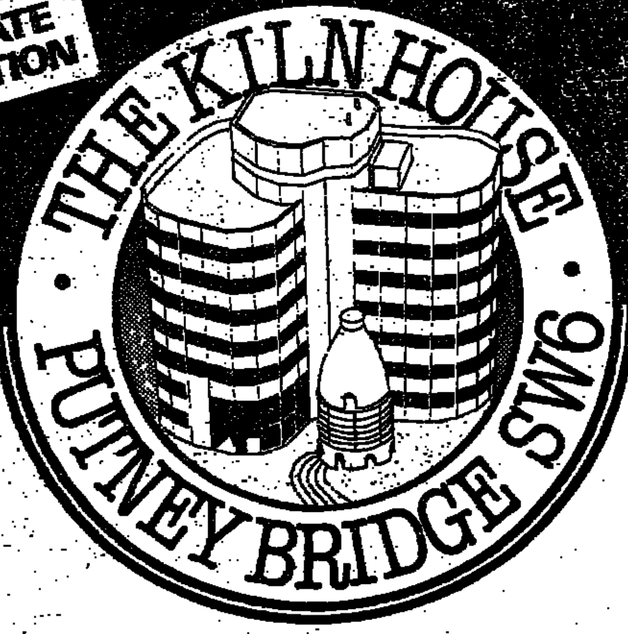

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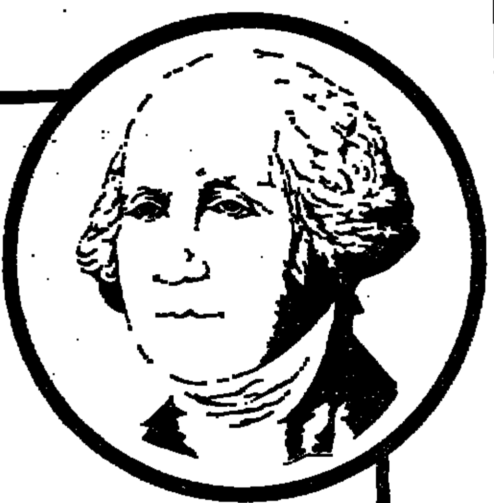

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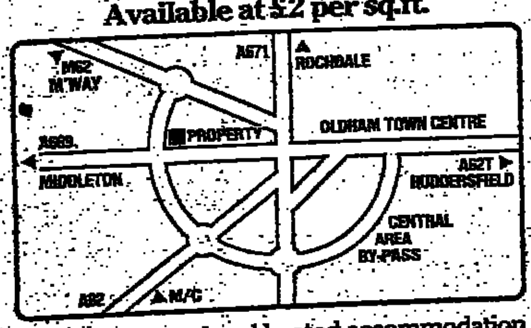
Lacy Scott, 51 King Street, Thetford LP24 2AU. Tel: 0842 2206.

# TO LET
## OLDHAM TOWN CENTRE

ADJOINING NEW CENTRAL AREA BY-PASS
22,000 SQUARE FEET
EXCELLENT MODERN SHOWROOM PREMISES
Available at £2 per sq.ft.



- Well appointed and heated accommodation.
- Extensive surfaced car park.
- Prominent location.
- Immediate access to motorway network.
- Additional accommodation available.

Dunlop Heywood & Co.
Chartered Surveyors
90, Deansgate, Manchester M3 2QP
Phone: 061-834 8384 Telex 667262

## WANTED

Large Luxury Apartment in modern block for Private Buyer
**ST. JOHN'S WOOD AREA**
Must have 4 double bedrooms, 3 bathrooms, plus extra room
Bedford (0234) 40074
and bath for servant.

By Order of the Secretary of State for the Environment

# LONDON W.1.
## Entire Modern Office Building TO LET
## 51,420 sq. ft.

(with private car park)

- Lifts
- Central Heating
- Marble Lined Entrance Hall
- Excellent Loading Facilities At Rear

DE GROOT COLLIS
9 Clifford Street London W1X 2AL
01-734 1304

## Henley-on-Thames

FOR SALE
FREEHOLD
OR
TO LET

### Ideal Headquarters Complex

Offices 8,000 square feet
Warehouse 15,000 square feet
Parking 64 spaces
Site area 1.3 acres

ALL ENQUIRIES TO THE SOLE AGENTS:
Martin & Pole, John D. Wood
CHARTERED SURVEYORS
23/24 MARKET PLACE, READING RG1 2DF
TELEPHONE: (0734) 590266

## READING

Modern Single Storey
WAREHOUSE
with Offices
10,180 sq. ft.

EDWARD SYMMONS & PARTNERS Tel 01-834 8454
56/62 Wilton Road, London SW1V 1DH

## LOOKING FOR SHORT TERM OR OVERFLOW OFFICES?

| | |
|---|---|
| ★ BERKELEY SQUARE | 4600-21850 sq. ft. |
| ★ PALL MALL | 1165-6365 sq. ft. |
| ★ ST. JAMES'S STREET | 1660 sq. ft. |
| ★ BUCKINGHAM GATE | 1040 sq. ft. |
| ★ WELBECK STREET | 1375 sq. ft. |
| ★ WIMBLEDON | 2375-11225 sq. ft. |

LEASES FROM 6 MONTHS TO 3 YEARS

MELLERSH & HARDING Chartered Surveyors
43 St. James's Place London SW1A 1PA
01-493 6141

# HOW READY IS YOUR READY-MADE FACTORY?

**You know the set-up. No heat. No power. No offices. Sign tomorrow then three months before you can move in. Make the best of it. Look for your blessings and then try to count them.**

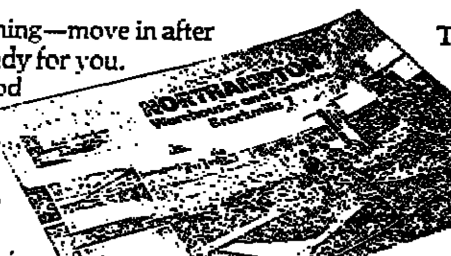
Well, you can forget all that, now Northampton can offer you Brackmills 7. These are the last word in ready-made factories. All the amenities are there. Waiting for you. Ready. Right down to car-parking and landscaping. Everything you need.

Sign in the morning—move in after lunch. We're that ready for you.

And there's more good news. Rents go from £2.05 to £2.20 per square foot. Sizes go from 5000 to 20000 square feet.

Even the location's on your side. Brackmills 7 is only 5 minutes from M1 junction 15.

And Northampton's not just another new town. It's been growing for 6000 years. Expanding. Maturing. Developing one of the best labour relations records in the country. Adding schools. Social facilities. Homes. Getting Ready for you.



Take a closer look at the outstanding specification of these industrial units and write or phone today for a full colour brochure.

Brackmills 7 Ready-made and Ready now

expanding NORTHAMPTON

Contact Donald McLean on 0604 34734

Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

---

# CHEQUER HOUSE KING'S LYNN

*An Invitation to any occupier seeking or with offices in* Cambridge Peterborough or Norwich

*We can offer up to 30,000 sq ft of new offices in Chequer House, King's Lynn or in smaller suites from £2.25 per square foot rental plus generous rent-free period*

ALTERNATIVELY A LONG LEASEHOLD INTEREST MAY BE AVAILABLE

*R.S.V.P.*

CRUSO WILKIN Chartered Surveyors 27 Tuesday Market Place King's Lynn, Norfolk PE30 1LB Tel: 0553 3111

Brecker, Grossmith & Co Chartered Surveyors 63 Wigmore Street London W1H 0BQ Tel: 01-486 3531

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# Poised to become one of the most prestigious Industrial Parks in Western Europe...

...Deeside Industrial park is already the choice of five North American companies. The emphasis is on versatility, with a full range of advance factories immediately available for rent, or serviced land for sale. Deeside is a Special Development area with plenty of skilled labour and a first class financial package available. Situated in beautiful North Wales and close to the historic city of Chester, Deeside offers a quality of life that is all you could wish for. Write or telephone for colour brochures and details.

# DEESIDE INDUSTRIAL PARK

---

## LONDON S.W.7 QUEENS GATE AREA

**3 Freehold houses**
**21 flats (10 vacant)**

One recently-completed office development. 5,100 sq ft. Busy town centre (Home Counties). Substantial mortgage available.

£1.2 million.

Principals only.

*Write Box T.5564, Financial Times 10 Cannon Street, EC4P 4BY*

---

## TO LET FOR 2-3 YEARS

**PALATIAL RESIDENCE-CUM-OFFICES ON 6 FLOORS**

Location Mayfair, near Berkeley Sq. Office use 2,000 sq ft lower ground floor and first floor. Part furnished. Office furniture available at cost if required. Suitable for London HQ of an international company or diplomatic use. £15.00 per sq ft pa for offices. Residential part only £700 pw. Outgoings (rates and ground rent) £8,000 pa (four months rent payable in advance).

Reply:

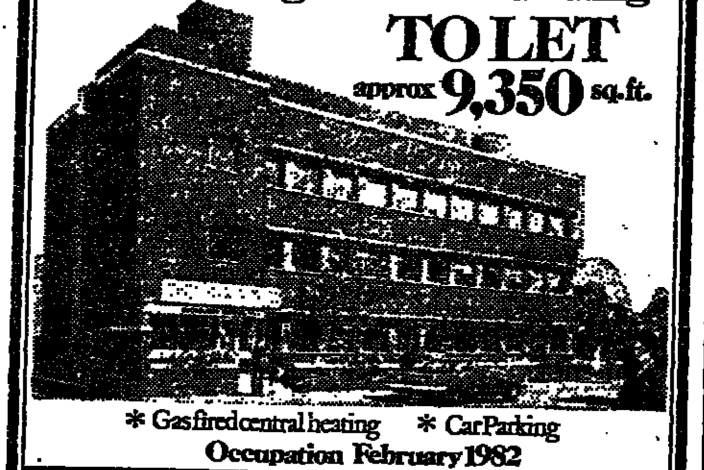
ASERVE MANGEMENT LTD., 76 High Street, Egham, Surrey. Tel: (0784) 37666.

---

A development by Eagle Star Properties Ltd.

# Windsor House Alperton, Middx.

## New Prestige Office Building TO LET approx 9,350 sq.ft.



* Gasfired central heating * Car Parking

Occupation February 1982

PEPPER ANGLISS & YARWOOD Chartered Surveyors 5/6 Carlos Place London W1Y 6LL Telephone 01-499 6066

---

# VAUXHALL CROSS

A major new Office and Industrial Complex

48,000 sq.ft. high quality air-conditioned offices

70,500 sq.ft. prime industrial and ancillary accommodation

A unique opportunity to acquire a new prestige London headquarters with excellent communications

HENRY BUTCHER Brownlow House, 50/51 High Holborn London WC1V 6EG Telephone 01-405 8411

Richard Ellis Chartered Surveyors 6-10 Bruton Street, London W1X 8DU Telephone 01-408 0929

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# Nottingham Freehold Factory & Offices 116,000 SQ.FT. on 8.5 acre site. Close to junction 26 on M1.

Agents

HALLAM BRACKETT Tel: 0602 51414

Richard Main 01-623 6685

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# Gray's Inn

## MODERN OFFICE BUILDING LEASE FOR SALE

**5552 SQFT**

- Central heating
- Carpeting
- Boardroom
- Kitchenette
- Telephones

£4.05 per sq ft

Weatherall Green & Smith 01-405 6944

HENRY BUTCHER Tel: 01-405 8411

---

## I.B.A. INVESTMENT

**CUT OUT THE DEVELOPER'S PROFIT**

20,000 sq ft (9 units) site available to front of attractive established industrial estate close M4.

Price: £125,000, subject to contract.

If required building contract available for immediate start at £320,000.

Estimated rental value (£2.50 per sq ft) £50,000 pa excel. Initial yield 11.2% net of I.B.A. allowances.

Alternatively fully developed and let to show 8% return April 1981.

RING The Directors, Tetbury Estates Ltd on 01-581 0970/1075

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HASTINGS BOROUGH COUNCIL Light industrial sites up to 15 acres RING BILL COBB 0424-428306 (24hrs.) EXPANDING Hastings

NORTHAMPTON NEW INDUSTRIAL UNITS FROM 910 SQ. FT. Suitable IBA Investors ROBIN HART 021 236 4942 CHARTERED SURVEYORS

---

# INTERNATIONAL PROPERTY

## MONTREUX

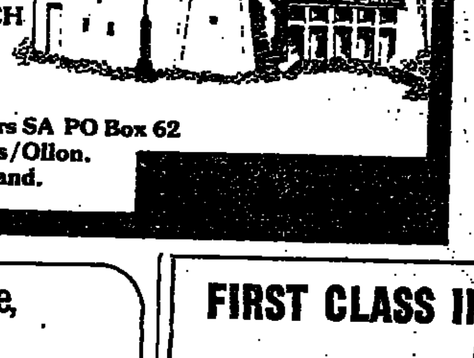
### YES, YOU CAN RETIRE NOW IN SWITZERLAND WHERE THE FUTURE LOOKS GOOD

**MONTREUX** most fashionable of towns nestling on the shore of **Lake Geneva**. Comfortable temperate climate all year round. Only 45 minutes from **Geneva Airport**.

We have **The Best in Freehold Luxury Properties** overlooking the lake for your new lease of life and **First Class Secure Investment.**

**Please contact Mrs. Luisier or Mr. Marich on 010 41 25/35 35 31 for details or telex 456 213 GESE CH**

**WHERE BETTER TO START A NEW LIFE IN RETIREMENT**



**Immobiliere de Villars SA PO Box 62 1884 Villars s/Ollon. Switzerland.**

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## CANADA

**REAL ESTATE INVESTMENT OPPORTUNITIES**

- Office and Commercial Bldgs.
- Shopping Centres
- Apartments and Hotels.
- Development Land/Farms

For further information contact: David Turnbull or Norman Lees WINZEN REAL ESTATE LIMITED 85 Richmond Street, Toronto Ontario, Canada, M5H 2C9 Phone (416) 863-0071 Telex 065-24301

winzen

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## SWITZERLAND

FOR SALE

**CHATELS**

from SFr. 160,000

in different resorts of "middle Valais"

Directly from the promoter-constructor. - Lands available

LARGEY PROMOTION PO Box 3199, CH-1951 Sion Tel: 01041 27 22 07 67

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We Present, With Justifiable Pride,

525 East 80th

NEW YORK-NEW YORK

# A LUXURY CONDOMINIUM

Located in the prestigious Upper East Side of Manhattan, 525 East 80th Street, by virtue of its rare combination of classic elegance and modern convenience, is destined to become one of New York's most distinguished new residences for luxury living.

Our superb selection of spacious Two, Three and Four-Bedroom residences features sunken living rooms with unusually high ceilings, formal dining areas adjacent to beautiful, fully appointed eat-in kitchens, and individually-controlled zoned heating and air-conditioning throughout.

Some units contain wood-burning fireplaces, dramatic skylights and spectacular oversized patios or terraces.

**Current Prices: $327,000-$900,000**

**Approx. Monthly Carrying Charges: $305-$555 (including Real Estate taxes)**

**Approx. Sizes: 1400-2100 Sq. Ft. or 132-202 Sq. Met.**

We invite your inquiries. To obtain additional information or to arrange an appointment to view our model residences, please call or write:

**METROPOLITAN LIVING, LTD.**

Executive Office: 309 East 45th St., New York, N.Y. USA 10017 • 212-697-4432
Sales Office: 525 East 80th St., New York, N.Y. USA 10021 • 212-772-7771
Telex: 427-824 AVI

This advertisement is not an offering which can be made only by formal prospectus

---

# FIRST CLASS INCOME PROPERTIES (USA)

**FLORIDA — MIAMI**

Restaurant next to Miami International Airport. Tenant: well-known international company. 15 years Triple Net Lease. Excellent yearly increasing income.

**Price: US$560,000 — Mortgage available**

**FLORIDA — FORT LAUDERDALE**

Bank Building — Tenant: important Federal Bank. 15 years Triple Net Lease. Excellent income property with indexed return.

**Price: US$933,000**

*We have more offers:*

**Orion Investment and Management Ltd. Corp.**
7100 North Kendall Drive, Miami, Florida 33156. Tel: (305) 665-4666.
European Branch Office: Orion Investments and Trust Ltd., 15 rue du Cendrier, 1201 Geneva. Tel: (22) 32.48.05.

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JOHN D WOOD

# ANDORRA

**TRUE TAX HAVEN**

investment and holidays, low cost of living, winter skiing, summer sun and scenery, steady investment appreciation.

**NO TAX TO PAY.**

Studios up to 5 bedroom apartments from £14,000 to £54,000

50% Mortgage available.

Low cost inspection trips.

Brochures from Sole U.K. Agents: (Ref. YS) 23 Berkeley Square, London W1X 6AL.

**01-629 9050**

Telex 21242

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# CANARY ISLANDS

*FOR SALE*

500 ROOMS — MODERN 3-STAR HOTEL

on the beach, tennis, gardens, swimming pools, solarium, sauna, night club, bars, restaurants, grill room, other amenities, high occupation rate, good profit, excellent investment.

*Write Box T5585, Financial Times 10 Cannon Street, EC4P 4BY*

---

CHOICE RURAL PROPERTIES in southern U.S. Excellent farm and timberlands available. 100-1,000 hectares. Flodax Ltd. (404) 399-7438.

LUX. DNTN. WASH. OFC. Part-time use. $75/MO. For infor. write WOI, 1,000 Conn. Av., NW. No. 1,200, Wash. DC 20036.

CENTRAL MADRID. Most Exclusive area. 400 sq.m. apartment, 7th floor—15m representation area facing paseo castellana—master suite, 3 bedrooms, 2 bathrooms, servants quarter, Parking 2 cars. Write to Societa Fiduciaria Svizzera, Via Zurigo 5, CH-6904 Lugano.

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## COMPANY NOTICES

**MICHELIN INTERNATIONAL DEVELOPMENT N.V.**

Corporation under Dutch law with capital of NLG 30 000 000 Registered Office LA HAYE (Netherlands)

6⅞% BONDS 1970-1985 USD 1 000

NUMERICAL LIST

1) of the series including, with the previous purchases and converted bonds the 195 bonds drawn by lot on October 19, 1981 (sixth drawing), making up with 3 205 repurchased bonds, the entire USD 3 400 000 nominal amount to be redeemed with respect to the seventh redemption

4 113 to 4 554

such bonds will be repayable at USD 1 000 on and after January 5, 1982, the holder of the same keeping the conversion option into shares during a period of thirty days from the repayment date:

2) of the series previously drawn by lot and not yet presented for the repayment:

Drawing of October 14, 1977— Repayment on January 5, 1978 7 223 to 13 791.

Drawing of October 12, 1979— Repayment on January 5, 1980 48 577 to 52 087:

Drawing of October 13, 1980— Repayment on January 5, 1981 31 211 to 32 082

Principal, interest will be payable at the office of the MORGAN GUARANTY TRUST CY of NEW YORK and at the following banks

—BANQUE NATIONALE DE PARIS, PARIS
—CREDIT LYONNAIS, PARIS
—BANQUE INDUSTRIELLE ET MOBILIERE PRIVEE, PARIS
—BANQUE NUGER, CLERMONT-FERRAND
—BANCA NAZIONALE DEL LAVORO, ROME
—BANQUE GENERALE DU LUXEMBOURG, LUXEMBOURG
—COMMERZBANK AG, DUSSELDORF
—CREDIT SUISSE, ZURICH
—DRESDNER BANK AG, FRANCFORT
—SOCIETE DE BANQUE SUISSE, BASLE
—SOCIETE GENERALE DE BANQUE SA, BRUXELLES
—SOCIETE GENERALE, PARIS
—BANQUE DE PARIS ET DES PAYS-BAS, PARIS
—BANQUE DE NEUFLIZE, SCHLUMBERGER MALLET, PARIS
—BANCA COMMERCIALE ITALIANA, MILAN
—BANQUE BRUXELLES LAMBERT, BRUXELLES
—BARCLAYS BANK LTD, LONDRES
—CREDITO ITALIANO, MILAN
—DEUTSCHE BANK AG, FRANCFORT
—KREDIETBANK NV, BRUXELLES
—SOCIETE GENERALE ALSACIENNE DE BANQUE, LUXEMBOURG
—UNION DE BANQUES SUISSES, ZURICH

Outstanding amount: USD 16 200 000

**THE GENERAL ELECTRIC COMPANY LIMITED**

6¾% UNSECURED LOAN STOCK 1976/81

The Register of Stockholders of the above mentioned stock will be closed from the 9th November 1981 to 30th November 1981 inclusive.

By Order of the Board, J. H. CHAPLIN, Secretary.

**TRAILER TRAIN FINANCE N.V.**

12.25% GUARANTEED BONDS DUE 1992

Manufacturers Hanover Limited announce that the instalment of Bonds for a nominal value of U.S.$2,700,000 has been purchased in full for the redemption on 2nd November, 1981.

U.S.$27,300,000 Nominal Bonds will remain outstanding after 2nd November, 1981.

8 Princes Street, London, EC2

**UDDEVALLAVARVET AB**

7¼% Guaranteed Notes 1983

S. G. WARBURG & CO. LTD. announce that the instalment of Bonds for a nominal value of US$2,300,000 have been purchased for the redemption due on 1st December, 1981.

US$9,300,000 nominal Bonds will remain outstanding after 1st December 1981.

30 Gresham Street, London EC2P 2EB. 30th October, 1981.

**JAMES BEATTIE LIMITED**

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6½% First Mortgage Debenture Stock 1986-90 of the Company will be closed from 8th to 15th November, 1981, both days inclusive.

By Order of the Board, G. T. LOWNDES, Secretary.

71-78 Victoria Street, Wolverhampton.

**BANQUE FRANCAISE DU COMMERCE EXTERIEUR**

US$25,000,000 FLOATING RATE NOTES DUE 1985

In accordance with the provisions of the above Notes, the rate of interest for the period October 29, 1981 to April 29, 1982, has been fixed at 17¼% per annum.

Interest due on such date will be payable upon surrender of Coupon No. 11.

BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme Trustee

**BANQUE NATIONALE de PARIS**

Floating Rate Note issue of US$250 million January 1980/1988

The rate of interest applicable for the three month period beginning October 29th 1981 and set by the reference agent is 16⅛% annually.

## LEGAL NOTICES

**RUTHERFORD PLASTICS LIMITED**

NOTICE IS HEREBY GIVEN, pursuant to Section 293 Companies Act 1948, that a meeting of the creditors of the above-named Company will be held at Room 3, Winchester House, 77 London Wall, London, E.C.2. on Friday the 27th day of November 1981 at 12.15 o'clock in the afternoon for the purposes mentioned in Sections 294 and 295 of the said Act.

Dated this 22nd day of October 1981.

By Order of the Board, G. D. GOLDING, Director.

---

REVISED SITE NOW AVAILABLE FOR

## NON-FOOD RETAIL

OR COMMERCIAL DEVELOPMENT

*The site has a busy road frontage and is located close to the town centre at*

NEWCASTLE-UNDER-LYME

*Further details from:*

The Planning and Development Department, Civic Offices, Merrial Street, Newcastle-under-Lyme, Staffordshire ST5 2AG or telephone Steve Powys on (0782) 610161. Ext. 376.

Closing date for tenders—20th November 1981

---

## SHOPS AND OFFICES

**EALING BROADWAY**

FULLY-FITTED FIRST-FLOOR OFFICE SUITE

2,800 square feet

Opposite underground station. IMMEDIATELY AVAILABLE

629 9292. Reference RJB

**30,000 SQ FT APPROX.**

For Quality Office Building in South East London

Developer interested in a pre-let at a reasonable rent. All enquiries to: Director

Inner City Developments Ltd. Morley House, 314-322 Regent St., London W1R 5AF. Tel. 01-580 9351

STRAND, LONDON, WC2—Freehold shop/office investment 1,000 sq. ft. approx. Highly reversionary. Public Co. retail tenant. Part vacant possession. Price £135,000. Edward Erdman, 6 Grosvenor Street, London, W1. Telephone: 01-629 8191.

## WANTED

WE URGENTLY require Commercial and Residential Property Investments of any size for retaining clients. Details to: N. Gerry, Greig and Partners, 285 Edgware Road, London, W2. Tel: 01-723 5973.

FREEHOLD, single storey building, suitable for Cash & Carry Wholesale (Food). Approx. 10,000 to 12,000 sq. ft. or 1 acre freehold building land. Areas: Croydon, Wimbledon, Merton, Mitcham, Chiswick, to Heathrow within reach of any motorway, S.W. or N.W. London, Greater London.

## TO LET

LOW COST STORAGE near M5 Motorway Worcester. 17,000 sq. ft. to 60K includes Service Yard and Offices—no premium. Contact Commercial Relocation Consultants Ltd., 56 High Street, Marlow, Bucks. (06284) 72916.

## FOR SALE

London, 64 rooms, 170 beds and 2 HOSTEL newly modernised in Central rooms. flat. New lift, central heating, reception and offices fully equipped kitchen. Dining room for 80 persons, large TV lounge. For sale freehold or long let to principals or their retained agents only. Phone Mr. Sharma 01-409 3580/499 2758 or write Chartdene Limited, 4 Audley Square, London, W.1.

## PUBLIC NOTICES

**THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION P.L.C.**

7½% Debenture Stock, 1990-92

NOTICE IS HEREBY GIVEN that the Registers of the Corporation's above mentioned Debenture Stock will be Closed for Transfer and Registration from 17th to 30th November 1981 both days inclusive.

By Order of the Board, H. J. McTURK, Secretary

48 Palmerston Place, Edinburgh EH12 5BR. 30th October, 1981.

**DEPARTMENT OF TRANSPORT**

TOWN AND COUNTRY PLANNING ACT 1971

The Secretary of State for Transport hereby gives notice that he has made an Order under S. 209 of the above-Act entitled "The Stopping Up of Highways (City of London) (No. 3) Order 1981" authorising the stopping up of a length of Upper Thames Street, EC4.

Copies of the Order may be obtained, free of charge, on application to the Department of Transport, St. Christopher House, Southwark Street, London SE1 0TE (quoting GLRT 38/5002/7/024) and may be inspected at all reasonable hours at the Guildhall, London, EC2.

Any person aggrieved by the Order and desiring to question the validity thereof, or of any provision contained therein, on the ground that it is not within the powers of the above Act or that any requirement of that Act or of any regulations made thereunder has not been complied with in relation to the Order, may, within 6 weeks of the 30 October 1981 apply to the High Court for the suspension or quashing of the Order or of any provision contained therein.

P. M. LEE, An Assistant Chief Engineer

## CLUBS

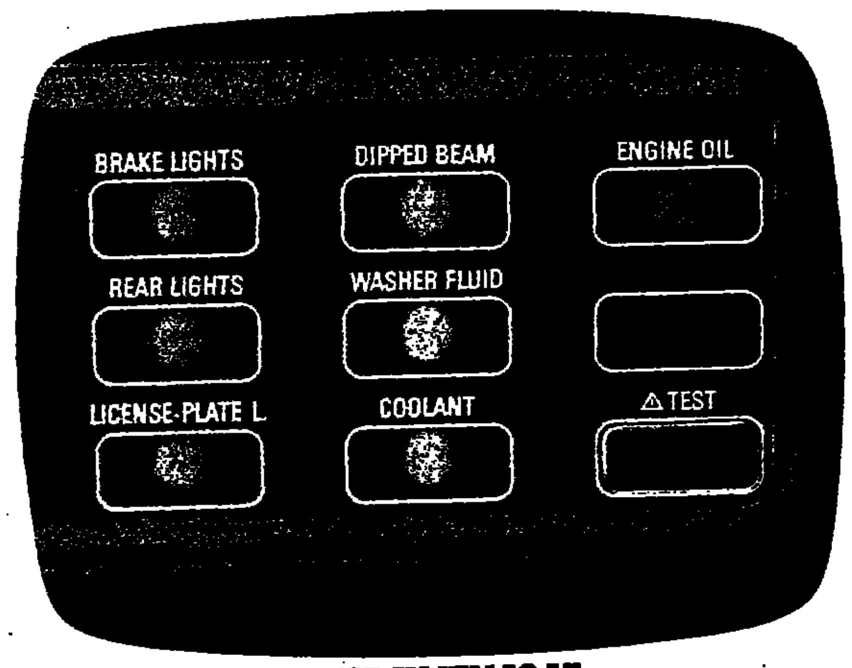
EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

هكذا من الأصل

# THE NEW BMW 5 SERIES WAS ON THE 'NEWS AT TEN' FIVE NIGHTS RUNNING.

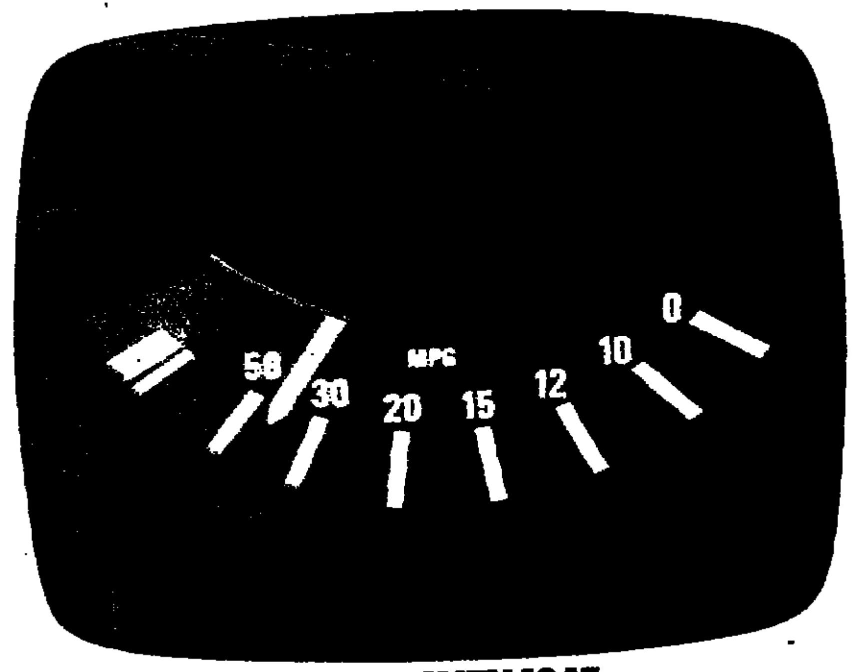
# BUT YOU'VE STILL NOT HAD THE FULL STORY.

**MONDAY ITV 10.15**
We told you how the new BMW 5 Series adjusts its service interval to the way you drive.

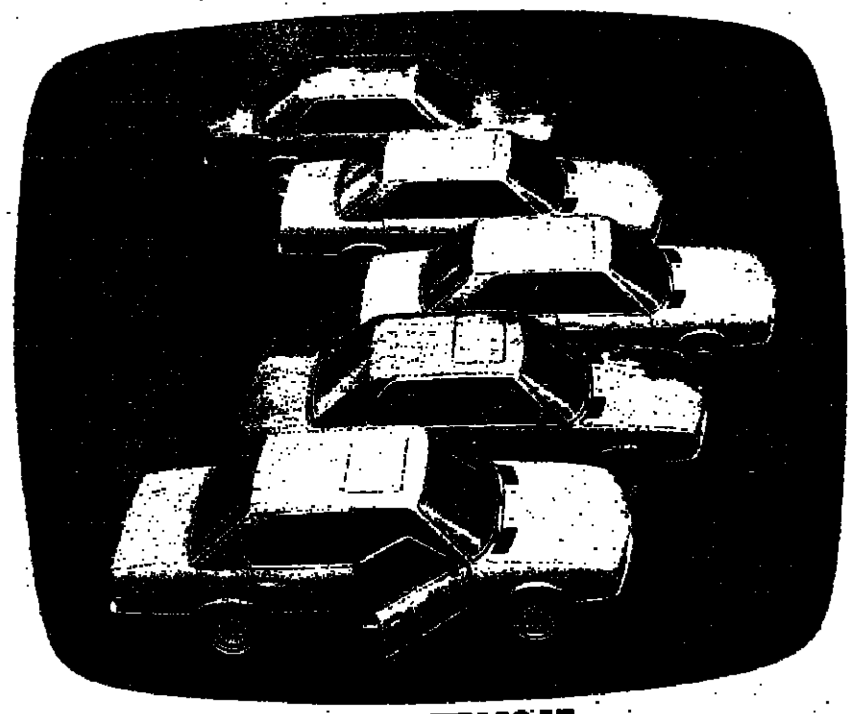


**TUESDAY ITV 10.15**
We showed you how its active check control warns you of trouble well in advance.

**WEDNESDAY ITV 10.15**
We showed you how its optional anti-lock brake system can stop you up to 40% quicker.



**THURSDAY ITV 10.15**
We showed you how its electronic Fuel Consumption Indicator can help you cut your fuel bills by up to 10%.



**FRIDAY ITV 10.15**
We showed you there are five 5 Series to choose from.

Every night last week during 'News at Ten' BMW demonstrated a different feature of the new 5 Series.

But you have scarcely scratched the surface of this remarkable new car.

For the scale of its innovations are such as to make every other car in its class appear cumbersome, unintelligent and increasingly irrelevant.

Even if you're not immediately planning to spend between £7,000 and £14,000 on a luxury car, we still hope you'll read this page carefully.

For it describes the sort of motor car other manufacturers are currently working towards.

But BMW have actually built.

THE SUCCESSOR TO SUCCESS.

The new BMW 5 Series retains all those features that set the original 5 Series apart from the offerings of the mass producers.

A body style that is understated rather than exhibitionist.

A level of quality that matches that of the most expensive BMW.

And, with four engines, three gearboxes and over twenty major options in one bodyshell, an opportunity to have a car that's built virtually to your precise requirements.

The new 5 Series adds to this luxury a level of technology that is unmatched by any other car manufacturer.

And for a very simple reason.

AN INVESTMENT IN CHANGE.

For the last five years BMW has invested a higher proportion of its turnover in research and development than any other car company in Europe.

We built a completely new wind tunnel that did more than give the new 5 Series a drag co-efficient as low as 0.38 (by our measures, lower than any other car in its class).

We actually managed to use airflow on the 5 Series to improve the car's roadholding, by reducing aero dynamic lift by up to 22%.

We developed special steels to enable us to trim up to 200 lbs off the car ("a staggering achievement"—Motor) and still make the bodywork stronger.

We developed a new rear suspension which, along with the double pivot front suspension pioneered in the BMW 7 Series, gives our cars a standard of grip on the road that you might only expect on the race track.

We've even developed space saving techniques that make the new 5 Series bigger inside, without making it bigger outside.

THE PRECISE ADVANTAGES OF ELECTRONICS.

Together all those changes would have made the 5 Series remarkable in the world of five seater luxury saloons.

But it was our investment in electronic technology that makes the 5 Series truly revolutionary.

Innovations such as the BMW Service Computer create a level of precision not previously found in any automobile.

This computer actually remembers how you've driven every mile. So you no longer have to rely on such a crude device as a mileometer to determine the service interval.

The car itself tells you when it needs attention.

Which is a good demonstration of how electronics makes closer, the relationship between man and machine.

FROM MANAGER TO MANAGING DIRECTOR.

The new BMW 5 Series is not one car. It's five.

With prices ranging from £7265 to £14240.

Each model in the range represents a significant improvement on its predecessor in the original 5 series.

The new 520i, for example, now has fuel injection for its six cylinder engine, giving it a degree of responsiveness unmatched by any car in its class.

The 525i, also with fuel injection, is now enhanced with a level of luxury equipment that would tempt any Managing Director away from his sedate limousine.

While the 528i, with a 0-60 mph time under 9 seconds is for those whose car needs to be as fast moving as their lives.

Any one of these driving machines can transform your notions of a management saloon.

For they offer you a level of quality that was only found in cars that were more expensive.

A level of technology that, if available at all, was only found in cars that were larger.

And a level of economy that was limited to cars which were smaller.

As your nearest BMW dealer will be happy to demonstrate.

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## TECHNOLOGY

EDITED BY ALAN CANE

# Exxon looks for enzyme factory

**DAVID FISHLOCK, SCIENCE EDITOR, in Part Four of his series on biotechnology looks at a new research programme by Exon in the U.S. Next week: Unilever.**

THE POTENTIAL in biotechnology for public misperception about its aims and objectives was brought home to one Exxon researcher on a visit to Europe. An Italian journalist interviewed him about Exxon's interest in making protein from hydrocarbons by continuous cultivation of microbes.

As the story came out, Dr Peter Lucchesi was quoted prominently as saying that it was a crime to burn oil as petrol. It provoked awkward questions from the world's biggest purveyors of petrol.

Dr Lucchesi survived the storm to become vice-president of Exxon's corporate research laboratories in New Jersey. His enthusiasm for biotechnology survived the collapse of Exxon's earlier hopes for factory-made food, to flourish afresh in a new research programme on genetic engineering, just approved by the board of Exxon Research and Engineering Co.

"We do not believe the future will be a repetition of the past," Dr Edward David, president of Exxon Research and Engineering, told energy executives in London this month. One assumption Exxon is making is that "the diversity of technologies required to fuel the world will increase rather than diminish."

Dr Edward David: "Future no repetition of the past"

Exxon's R and D expenditure has been increasing at an annual average rate of 25 per cent since 1973, Dr David said. This year it expected to spend about $730m (of which $635m would come from company funds). Some 10 per cent of the total was going into "basic" corporate research run by Dr Lucchesi — "a percentage comparable to the chemical and communications industries."

"We now are ready to fund a more aggressive programme. But we are not looking for a quick payoff," he said.

Exxon's earlier attempts to make protein were driven by the fears of a world food shortage. But, in contrast to many other oil companies, Exxon viewed it as premium-product technology—to be aimed directly at human foods, and not at a commodity like animal feedstuffs.

Exxon researchers had the basic idea, originating from a novel attempt to synthesise alcohol with the aid of microbes. But the company recognised that it lacked any experience of the food market, so it entered into a joint venture with Nestlé, to work on the problem of making high-protein foods — comparable with egg in protein value — that might sell in the Third World.

They never got that far. The partnership was abandoned in the late '70s when the daunting difficulties arose of convincing regulatory authorities that the new foods were free from the last traces of hydrocarbon feedstock and moreover, that they contained only the amino acids specified.

Protein is not among the targets selected for the new research programme. But bugs that will feed on oil are still an important target in the interest of cleaning up oil pollution.

Exxon has been using biological processes for pollution control "for decades." Dr Lucchesi says. But now it is up against limits in what natural bugs can handle by way of highly oxidising and aromatic pollutants. "They are not trained to do it. Even now they have a tough time with rather simple things."

### Organisms

U.S. General Electric has shown that science is "not too far away" from changing an organism to make it effective against an oil slick, with a hybrid of three organisms that attacks aromatic rings. (See Technology Page, June 1, this year). "Chemists can't do that easily — at least not on the high seas."

As a physical chemist, Dr Lucchesi sees genetic engineering opening up a whole new chemistry. The organisms he believes hold greatest promise for Exxon are enzymes—"living catalysts"—which can promote reactions far too complex for chemical synthesis.

He muses on the chances of finding an enzyme which might promote even so simple a reaction as the direct conversion of methane to methyl alcohol. Nature can do it but industry at present cannot.

"Once you know the structure of an enzyme, in principle you can make an enzyme factory." So he has launched a programme covering both fundamental and applied microbiology, focused on enzyme catalysis and the genetic engineering of enzymes.

His starting point is reactions in which enzymes are known which attack a specific bond and thus yield a specific product. Such "exquisite chemistry" has already convinced Exxon researchers that they are seeing the dawn of a new chemistry, too costly at present to consider industrially but pointing the way to commercial possibilities.

"We have indications that extremely selective chemistry by enzymes is possible," Dr Lucchesi says.

Using genetic engineering, he believes the researchers may be able to work simultaneously to design an enzyme tailored to a commercially useful reaction.

Another worthwhile target for biotechnology in Exxon may be in enhanced oil recovery, the technique of squeezing more oil from a well. According to Mr L. William Welch Jr., President of Exxon Production Research Company, as much as 40-60 per cent of the original oil in a well frequently remains after primary production and secondary water injection have run their course.

But it remains as discrete droplets, trapped in pores throughout the rock. These droplets are microscopic. About 4,000 would sit on the head of a pin.

The question for the biotechnologists is whether they can produce a substance *in situ*, down in the well, to thicken the water so that it pushes more effectively on these droplets, forcing them to coalesce and flood out of the well.

Dr Peter Lucchesi, vice-president of Exxon's corporate research laboratories: "Exquisite chemistry"

Bacteria certainly exist which excrete polymers, much as a silkworm produces silk. The big question is whether they can be persuaded to work under the hot, saline conditions of an oil well. Can genetic engineering give a polymer-producing organism the resistance to heat and chemical toxins?

The secret of commercial success in biotechnology lies in tackling such high-value chemicals, Dr Lucchesi believes firmly. His case is that there will always be a price to pay in achieving the chemical by bio-techniques, so the only way to make money must be to aim for high added value from the outset.

# Plessey approach is simple and economic

THE PLESSEY approach to the electronic office, long in gestation but announced yesterday, is simple, traditional and economic.

It uses as its starting point its own advanced digital private automatic branch exchange, the PDX, based on technology from the small U.S. telecommunications supplier Rolm.

It has modified the PDX so it will switch data, image and text as well as voice.

The approach is little different from Rolm itself or Northern Telecom, the telecommunications equipment arm of Bell Canada, both strong proponents of the modified PABX approach to office automation.

In fact, when the Californian consultancy, Dataquest, summed up the office philosophies of these two North American companies, it could as easily have been talking about Plessey.

It said: "What we perceive them as saying is: 'The PABX has always been and remains the local communications net within the office'.

Mr Desmond Pitcher: "We will remain firmly in communications."

### Conventional

"The PABX now handles voice; we can add some modifications and it will handle data; and we have got some other modifications that will handle electronic mail. So why bother with a duplicate wiring system? We want you to extend the system and equipment we have in place.'"

Plessey has developed a series of desk-top workstations which can be linked to the PDX by conventional telephone wiring.

Data transmission between the terminal and the exchange proceeds at up to 64,000 bits of information a second. Adequate, Plessey says, but slow compared to the 10 million bits a second claimed for the Xerox Ethernet or the Cambridge Ring.

The terminals include the small Plessey Vutel device, designed to give executives fast access to Prestel and other banks of computer held information (and which is fitted with a telephone handset) and the large integrated workstation with screen and full keyboard making possible word processing, gateway into the telex system, desk top computing, electronic mailbox functions, IBM and ICL mainframe access, office diary, booking facilities, local area network interface, call logging and so on.

The system will not yet store and forward voice messages to be annotated to text stored in the system's memory, but Mr Desmond Pitcher, managing director of Plessey Telecommunications said these facilities were in line for the future.

He said: "We will remain firmly in communications. We are not getting into data processing because that is not something we understand. We do not believe the data processing companies understand communications. We aim to provide the electronic glue to bind the various parts of the system together."

Other manufacturers' equipment—Wang word processors, for example, can be connected to the system by means of a protocol converter which Plessey calls the "data-plug."

Plessey's business strategy is simply that offices will increasingly be replacing their analogue exchanges with digital exchanges, a market in which it is already a UK leader with 42 per cent of all large digital exchanges installed.

The competition already includes the other telecommunications vendors, such as GEC and the score or more companies selling proprietary local area networks to bind together all the parts of the electronic office.

Everybody agrees Plessey's chances are as *good* as anybody *else's* in this most uncertain and volatile of markets.

# Dowty valve for robots

TO MEET the needs of the rapidly developing robotics and manipulator technology, a new miniature servo valve has been introduced by Dowty Hydraulic Units (0684 292233).

The specification is based on that of aircraft servo valves of similar size. Dowty claims that it has been possible to achieve the same high quality and performance required in aircraft use while keeping production costs low by means of conventional materials and manufacturing methods.

Important considerations in designing the servo valve were simplicity and reliability, so it was decided to simplify the conventional construction of a hardened steel spool sliding in a hardened steel sleeve located in an aluminium housing.

This was done by using a special quality stainless steel for the valve body and dispensing with the separate sleeve. The result, Dowty claims, is fewer and simpler components and a component which is easier to manufacture and test.

The steel valve body, which measures 52mm by 45mm in plan, has no external projections. All the internal galleries are sealed either by flush-fitting permanent plugs on removable sealed closures.

# Stroboscope new models

TWO new models of stroboscope (combined motion analyser and tachometer) have been introduced by a new company, Pro-Plan Systems (0722 332172). The smaller PS6 model, with a speed range of 300 to 6,000 flashes per minute, is designed specifically for educational use or as a general engineering instrument.

The larger and more powerful PS16, with three speed ranges up to 1,600 flashes per minute and a digital readout, is intended for more advanced industrial applications.

# Helmsman goes digital

AN ALL-DIGITAL helmsman's position for merchant ships, to be exhibited by Sperry Marine Systems at the Europort '81 show in Amsterdam next month, has a 12 in cathode ray tube mounted in a console immediately above the helm.

The tube displays all primary navigation control information, with a simulated tape heading repeater constantly visible. At any moment the helmsman can call up the rate-of-turn scale, the rudder angle scale, and both ship operating information and system operating instructions.

All information is stored and monitored by four microprocessors housed within the console. The system, known as the SRP 2000, is claimed to meet all international safety standards, including complete dual hand-electric steering controls, emergency steering controls designed to by-pass the system electronics, and a full alarm panel.

The SRP 2000 can be interfaced with up to three remote steering control units. Additional CRT displays can be slaved to the helmsman's main CRT, permitting the shipmaster to monitor heading and steering performance from his cabin or elsewhere in the vessel.

# Burroughs at the front end

THE CP 3680 "front end" data communications system just introduced by the Burroughs Corporation is designed to manage large on-line computer networks and to increase the efficiency of application processing by the Burroughs B 2000/B 3000/B 4000 medium-range series.

When a CP 3680 is added to the appropriate Burroughs computer system the processing workload associated with operating and managing an on-line network is shifted from the host computer to the "front end" system, the company says.

Only a small interface program remains in the host, and with the on-line work shifted the host computer is freed for the more efficient processing of application programs without revision of the host's system software.

Because the application software is insulated from the external network environment, changes can be made in the network configuration and types of terminal without affecting the application programs. This protects the user's investment in application software, Burroughs claims.

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# TELEVISION

## BBC 1

[illegible] am For Schools, Colleges. [illegible] pm News After Noon. 12.57 Regional News for England (except London). London and SE only: Financial Report and News Headlines. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.02-3.00 For Schools, Colleges. 3.25 Pryfain Fechan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon. 4.25 Jackanory. 4.40 The New Smoo. 4.55 Crackerjack. 5.35 Willo The Wisp.

5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide.
7.00 It's A Knockout.
8.15 Rosie.
8.45 Points Of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 On The Town (London and South East only).
10.50 The Late Film: "Such Good Friends," starring Dyan Cannon.

BBC 1 VARIATIONS: Cymru/Wales—12.57-1.00 pm News of Wales. 1.45-2.00 Bys a Bawd. 2.35-2.55 I Yagolion. 4.50-5.15 Screen Test. 5.15-5.40 Gari Gylifar. 6.00-6.22 Wales Today. 7.00 Heddiw. 7.15 India. 7.45-8.15 Grace Kennedy. 10.15 Week in Week out. 11.05 News of Wales Headlines. 11.06-12.25 am Festival of Welsh Films: "Undercover," starring John Clements.

## Chris Dunkley: Tonight's Choice

The evening's most promising programme is clearly the first in a new series of "Playhouse" on BBC-2: Mrs Reinhardt. *Adapted by Edna O'Brien* from her short story, it tells of a woman runnig away fromm a broken marriage. She drives alone *through the Brittany countryside* (Piers Haggard who has a nice feel for people in landscapes directs entirely on film, on location in Brittany) and decides to stay at a picturesque hotel. Exploring the nearby seashore she meets a handsome young American called Steve and *starts a pleasant flirtation*. Helen Mirren takes the title role and Brad Davies who starred in "Midnight Express" and "*Chariots Of Fire*," *plays* Steve.

Another of BBC-2's admirable series resuming this evening is Newsweek which starts with a report by David Jessel entitled "Battleground Europe." With CND attracting renewed support here and in Europe and the Labour Party *conference voting* to abandon Britain's nuclear weapons, Jessel questions how valid are the fears that Cruise missiles will make nuclear war in Europe—recently posited by Ronald Reagan—more likely. And how will America react to the growing anti-nuclear campaign in Europe?

In complete contrast the comedy treat of the evening is at 10.30 on ITV in most areas: Soap. Jessica comes home from her fate-rather-better-than-death with the guerrillas in the jungle.

## BBC 2

11.00 am Play School.
3.55 pm Snooker: State Express World Team Classic.
6.45 Something Else.
7.30 News Summary.
7.35 Snooker.
8.00 Gardener's World.
8.25 Newsweek.
9.00 Snooker.
9.30 Playhouse: "Mrs Reinhardt."
10.45 Newsnight.
11.30 Snooker.

## LONDON

9.35 am Schools Programmes. 12.00 The Learning Tree. 12.10 pm Once Upon A Time. 12.30 *100% Responsibility:* Helene Hayman explores the problems facing the increasing number of mothers and fathers bringing up children on their own. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Taff Acre. 2.00 After Noon Plus, presented by Elaine Grand and Sinon Reed. †2.45 pm Friday Matinee: Ian Hendry and Ronald Fraser in "Girl In The Headlines." 4.15 Bugs Bunny. 4.20 Get It Together. 4.45 Spectrum, presented by Paul Henley. 5.15 White Light, presented by James Maw with Biddie and Eve and Bow Wow Wow.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.30 Thames Sport.
7.00 The Amazing Spiderman.
8.00 Bruce Forsyth's Play Your Cards Right.
8.30 That's My Boy.
9.00 Strangers.
10.00 News.
10.30 Soap.
11.00 The London Programme:
11.35 pm Thriller.
12.45 am Close: Personal Choice with Lord Ted Willis.

† Indicates programme in black and white.

### ANGLIA

12.30 pm Fit for Living. 1.20 Anglia News. 2.00 Houseparty. †2.25 Friday Film Matinee: "*Moment of Danger*," starring Trevor Howard. 5.15 End of Part One. 6.00 About Anglia. 10.30 Soap. 11.00 Members Only. 11.30 Friday Late Film: "The Mad Room," starring Stella Stevens and Shelley Winters. 1.10 am Window on the World.

### ATV

12.30 pm Fit for Living. 1.20 ATV News. 2.45 The British Fashion Awards 1981. 3.45 The Stationary Ark. 5.15 Here's Boomer. 6.00 ATV Today. 10.30 WKRP *in Cincinnati*. 11.00 ATV News. 11.05 Thriller: "Death in Deep Water."

### BORDER

12.30 pm Fit for Living. 1.20 Border News. 2.45 Matinee: "*The Oracle*." 5.15 Bygones. 6.00 Lookaround Friday. 6.30 That's Hollywood. 10.30 Hagen. 11.30 Border News Summary.

### GRAMPIAN

9.30 am First Thing. 12.30 pm Fit for Living. 1.20 North News. †2.45 Friday Matinee: "Carnival." 5.15 Happy Days. 6.00 North Tonight including Sports Desk. 10.30 Tenspeed and Brown Shoe. 11.30 Curling. 12.15 am North Headlines.

### GRANADA

11.50 am The Bubbles. 12.30 pm Fit For Living. 2.00 Live from Two. 2.45 Friday Matinee: "The Wild Heart." 5.15 Survival. 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 Soap. 11.30 The Late Film: "Take A Girl Like You."

### HTV

12.30 *pm Fit for Living*. 1.20 HTV News. 2.45 Bus Way to Travel. 2.50 "The Daughters of Joshua Cabe Return." 5.15 *Bless Me Father*. 6.00 Report West. 6.30 Survival. 10.28 HTV News. 10.30 Report Extra. 11.00 "Crucible of Terror."

HTV CYMRU/WALES—As HTV West except: 10.48-11.03 am Y Byd a'i Bethau. 11.34 About Wales. 11.50 Cartoon Time. 12.00-12.10 *pm Ffalabalam. 1.30-2.00 Under Manning.* 4.15-4.45 Chwarae a Than. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre. 10.30-11.00 Outlook.

### SCOTTISH

12.30 pm Fit for Living. 1.20 News and Road and Weather. 2.45 Friday Matinee—"Sidekicks." 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Soap. 11.30 Curling. 12.15 am Late Call.

### SOUTHERN

12.30 pm Fit for Living. 1.20 Southern News. 2.00 Housparty. 2.25 "The Bedford Incident" 5.15 Here's Boomer. 6.00 Day by Day. 6.00 Scene South *East (South East Area only). 6.30 Out* of Town. 10.35 Wheels (THS). 11.05 "The Priest's Wife" starring Sophia Loren.

### TYNE TEES

9.25 am The Good Word. 9.30 North East News. 12.30 pm Fit for Living. 1.20 North East News and Lookaround. †2.45 Friday Matinee—"Night of the Eagle." 5.15 Mickey, Donald and Friends. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Thriller: "A Killer in every Corner." 12.00 Paris by Night. 12.30 am Poet's Corner.

### WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Fit for Living. 1.20 Westward News Headlines. 2.45 The Friday Matinee: "Pearl of the South Pacific." 5.15 The Adventures of NIKO. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 Soap. 11.05 *Friday Late Night Movie*: "Revenge." 12.40 am Faith for Life. 12.45 West Country Weather, Shiping Forecast.

### YORKSHIRE

12.30 pm Fit for Living. 1.20 Calendar News. 12.45 Friday Film Matinee: "Vote for Huggett." 5.15 Here's Boomer. 6.00 *Calendar (Emley Moor and Belmont editions)*. 6.30 Calendar Sort. 10.30 Soap. 11.00 The Friday Night Film: "Promise at Dawn."

# RADIO

(S) Stereophonic broadcast
‡ Medium wave

### RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.45 Roundtable. 7.00 Andy Peebles. 10.00-12.00 The Friday Rock Show (S).

### RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sort. 6.00 David Symonds with Much More Music (S). 8.00 Take *Your Partners at the Radio 2 Ballroom* (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 Doddy's Different Show with Ken Dodd. 10.30 The Bing Crosby Show. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 Two's Comany (S).

### RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Morning Concert* (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Arcangelo Corelli (S). 9.45 Sacred and Secular Music (S). 11.30 Nicholas Walker: piano recital (S). 12.25 pm Midday Concert, part 1: Tchaikovsky (S). 1.00 News. 1.05 Midday Concert, *part 2: Shostakovich (S)*. 2.05 Baroque Chamber Music (S). 3.35 Martinu concerto (S). 4.00 Choral Evensong (S). *4.55 News*. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Lisa Della Casa (S). 7.30 Vermeer String Quartet, recital: part 1 (S). 8.05* The Private Papers of Henry Ryecroft by George Gissing 8.25* Recital: part 2 (S). 9.20 Mozart concert given earlier *this evening in the Elizabeth Hall*, London: part 1 (S). 9.55 Interval Reading. 10.05* Mozart: part 2. 11.00 News. 11.05-11.15 Brahms (S).

### RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 A Sideways Look At . . . by Antony Smith. 10.00 News. 10.02 International Assignment. 10.30 *Daily* Service. 10.45 Morning Story. 11.00 News 11.05 The Countryside in October. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Senior Partner. 12.55 Weather: *Programme News*. 1.00 *The World at One*. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. *3.00 News*. 3.02 Afternoon Theatre. 4.05 Poetry Please! (S). 4.15 Rags to Riches. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather: Programme *News*. *6.00 News, including Financial* Report. 6.30 Going Places in Tokyo. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book *at Bedtime*. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington with recordings *from the BBC Sound Archives*. 12.00 News.

# Waste goes by train

BY NICK GARNETT

*A BRITISH RAIL diesel pulling* 10 wagons left Newton Heath, *North Manchester, yesterday for* a 25-mile journey to a disused *quarry near Wigan. The wagons* were loaded with 30 containers holding 600 tonnes of pulverised refuse.

The trainload was part of a new waste-disposal system started last month by Greater Manchester, the metropolitan county council, and it combines a number of elements in a mix the county claims to be unique.

This system of refuse disposal is designed to complement other techniques and to help solve a looming crisis that affects almost every county in the country — rapid exhaustion of areas of land that can be used for the tipping of crude waste.

The West Yorkshire County Council, next door to Greater Manchester, is an example of how pressure on disposal systems has become acute. That county has been trying to set up a 10-year land bank for tipping, but has so far failed, and most districts in West Yorkshire are living hand-to-mouth and within two to three years will have nowhere to dump their rubbish, despite two efficient baling plants — at Leeds and Bradford — which pack waste at a ratio of 15 to 1 in size, the bales then laid in blocks side by side in tipping zones.

Its problem is typical of many parts of the country. Diminishing land, tougher environment restrictions — particularly *those of water* authorities — and generally *more awkward types of refuse* to dispose of have compounded the difficulties.

Until now, the refuse from Greater Manchester's 2.6m people has been dealt with by eight land-fill sites, five incineration plants—which are expensive to run—a balling and metal-extraction unit, a compaction plant at Oldham, and some 90 large refuse disposal trucks.

The new system, which will complement those already in use to deal with Greater Manchester's 1.5m tonnes of refuse each year, involves huge pulverisation plants, which mash waste into a stable peat-like substance.

This is then hauled by British Rail to a site at Appley Bridge, near Wigan, which will eventually be covered by topsoil and converted into a recreation ground or same similar use.

If the system is thought to be unique for a council it is also a first for British Rail: the first time that its rolling stock has been used in this way for the removal of this form of refuse.

The scheme will involve seven trains a week, leaving Newton Heath for Appley Bridge, with the waste traffic operating to an agreed time-table and dovetail*ing into British Rail's freight* service network. The trains run *on five days out of seven and* will take a maximum 3,000 tonnes a week to the quarry site. British Rail has constructed a siding at the plant as part of the operation.

The contract to handle the waste is expected to bring British Rail £5m in revenue over 10 years, of which about £400,000 will acrrue in the first year.

The £7m pulverisation plant at Newton Health is the first of three big rail-linked treatment gramme, the others being at Stockport and Wythenshawe. Two more are being discussed.

About 600 tonnes of waste can be treated on a normal day, and the plant—owned by Lombard North Central and operated by Waste Treatment on behalf of the County Council—has a total storage capacity of up to 1,200 tonnes.

Appley Bridge, operated by Wimpey Waste Management, has two quarries, and the capacity for absorbing up to 1,400 tonnes a day of treated refuse for the next nine years. The county has applied for planning consent to use a third quarry, which, it says, would allow the site to receive waste for up to 20 years.

*The* pulverisation *system* is a recognised technique. The plant *receives refuse* largely from collection trucks run by the council, but there is also an input from contracts of its own and private companies. a The new pulverisation plants and transport operations, however, will be more expensive than using land-fill sites, which the county says are the cheapest means of refuse disposal.

The estimated net cost of operating Greater Manchester's present refuse disposal system is £9½m this year, which includes debt charges on the new scheme.

The Newton Heath plant has 20 tipping bays, which serve two main storage bunkers. Treatment involves water-spraying to suppress dust, the use of feed-hoppers to supply the puverising drums, and refuse-shredder to break up particularly bulky waste before pulverisation.

A conveyor-belt system moves the pulverised material to filling machines, which discharge into containers. These are then loaded on to the rail flat wagons by two forklift trucks.

A similar system of forklifts and conveyor-belts is used at Appley Bridge to *landfill the* quarry. When the second quarry *is in operation, 1.4 kilometres* of conveyor system will be needed —the longest conveyor ever used to carry domestic waste.

Such refuse operations could catch on. West Yorkshire is already talking about the possibility of using British Rail to move waste from its Bradford baling plant.

*AROUND BRITAIN will, in future, appear fortnightly on a Tuesday. The first column under this arrangement will be on November 10.*

## Arbitral appeals

OWING TO circumstances beyond our control, the Business and the Courts article was published yesterday in a garbled form. A corrected text may be obtained from the author, Dr A. H. Hermann, at the Financial Times.

# U.S. jockey claims $100m fall damages

## RACING

BY DOMINIC WIGAN

AT A TIME when the racing focus is switching to National Hunt jockeys, of whom only a handful clear more than *£10,000 in a season*, the earnings of America's Flat jockeys *may soon be in for plenty of* scrutiny across the Atlantic.

*While Willie Shoemaker* heads for a probably unrivalled total of winners approaching the five-figure mark, Secretariat's pilot Ron Turcotte continues his pursuit of an altogether different figure. Turcotte is seeking $100m (£548m) in damages from the New York Racing Association, following his near fatal fall in a race at Belmont which came only a few strides after leaving the stalls.

Turcotte, paralysed from the waist down as a result of the accident, is finding his law suit a frustrating business which he *may not see in court for a year* or two at the earliest.

*Matters have not been made* any easier for his lawyers by the judge's recent ruling that the three stewards at Belmont on the afternoon of the incident cannot be called in the case. The stewards present then were Gerry Burke and Kenneth Noe Junior, representing the New York Racing Association, and the Jockey Club's Bud Hyland, who has since suffered a major stroke leaving him unable to speak.

*Turcotte, whose $100m claim* exceeds the New York Racing Association's insurance coverage had helped Secretariat in *1973 to become the first horse in* 25 years to land the American *Triple Crown*.

Returning to the English scene, backers should be wary at Newmarket this afternoon, for on the same afternoon a year ago the winners included Hot Money (33-1), Video Tape (25-1), Fire Mountain (20-1) and Himalia (12-1). The two best bets there this time look like Blue Cloud in the Potter Trophy, and Return To Me, who goes for the opening division of the Red Lodge Maiden Stakes.

Return To Me showed fine early speed on his racecourse *debut at the last meeting here* and looks the day's best bet, in *spite of the presence* in his division of Music Lover.

**NEWMARKET**
1.15—Tree Mallow*
2.15—Blue Cloud**
2.45—Modestine
3.15—Open Day
3.45—Return To Me***

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

# How to account for accountants

Managing a large partnership poses particular problems. **Barry Riley** reports on Touche Ross's solution.

IT WAS the American management guru Peter Drucker who declared the large multinational auditing firm to be "not manageable." According to Douglas Baker, managing partner and chief executive of Touche Ross in the UK: "We are trying to prove him wrong. We will prove him wrong."

The growth of large partnerships is one of the largely undiscussed aspects of the business scene. It is only about 15 years since firms with more than 20 partners were actually illegal in the UK.

Since then the relaxation of the legislative constraints has permitted the growth of very substantial partnership organisations in a few professional fields — such as legal practice or stockbroking. Nowhere is this more true than in the accounting profession, where the past decade has seen a rapid process of consolidation of small and medium-sized practices to produce the present pattern which is dominated by the international Big Nine.

Yet the big accounting firms jealously guard their legal privileges of non-disclosure: their size and profitability remains obscure, and indeed very little about these big professional partnerships is on the public record.

Among the leading firms of accountants is Touche Ross, one of the multinational majors which have come to dominate the worldwide auditing scene. It has a complex international structure, but Touche Ross UK is a single partnership consisting, at the present time, of 155 British partners.

The man with the job of keeping this unwieldly organisation together and ensuring that such a large number of proprietors—not to mention 2,200 staff—work effectively together is Douglas Baker, who this year was elected for his third three-year term as managing partner.

The theory at Touche Ross is that the firm should be run as much as possible along company lines. This dates back over 20 years to when the firm was tiny by comparison, with only around 10 partners and maybe 100 staff.

The firm is controlled by an elected board, with an appointed managing partner who has quite extensive powers to manage the practice without reference to individual partners.

"We thought that if we were going to grow as it has turned out we have, we had to recognise the role of management in the practice," says Baker. As managing partner he has the responsibility of appointing the management group, which consists of about seven partners.

The managing partner of the firm has no direct client responsibilities. "We feel this would produce a conflict," says Baker. "That doesn't mean to say that the managing partner doesn't have an enormous amount of client contact, as he should do, but I don't have any responsibilities for audits or for tax affairs as such."

Supervision is by a board of partners, which is elected on a one man, one vote basis. The 16 on the board come up for re-election in the same way as company directors every two years by rotation. There are a few protective clauses to ensure appropriate geographical representation.

Both the management group and the board of partners meet monthly. But the partnership as a whole only meets annually, because of the problems and the cost of bringing 150-odd people together.

Yet Touche Ross is not a small family firm, nor is it a public company with remote shareholders. In this case, the executives are effectively the shareholders, and moreover they are people with highly independent attitudes.

"The professional chartered accountant has to be articulate and independent," says Douglas Baker. "But he also has to be prepared to understand that in a large business he has to subordinate some of his independence to an organised management. On the face of it, that could be a problem — but it works reasonably well."

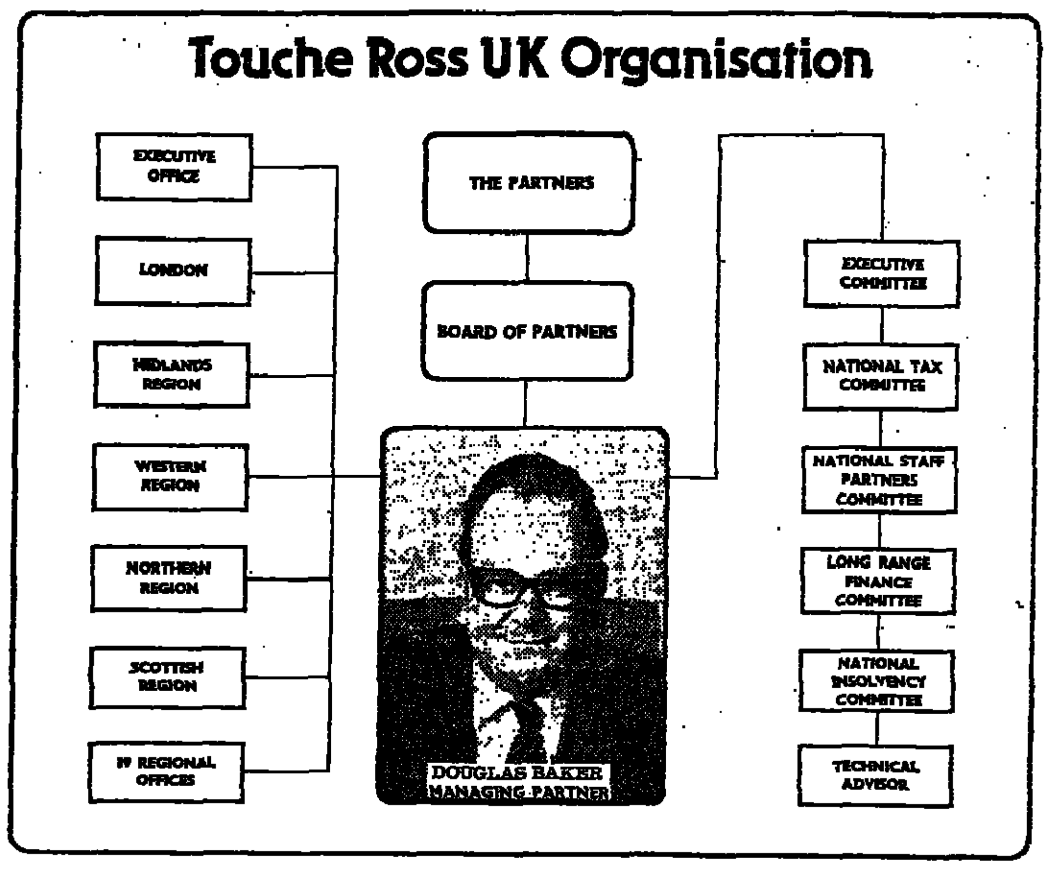
## Conversation

Even in a company, of course, the managing director has to be re-elected periodically by the shareholders. But Baker points out: "They won't know him as well as those partners sitting out there know me. Every partner will at least once or twice a year have had a conversation directly with me, and will be able to judge — because they are accountants — whether things are going well or not."

A key element in the Touche Ross system is that it is organised around local offices as well as on a national basis. But although great emphasis is placed on the 22 local offices in professional terms, there is only a single national pool of profits shared between partners.

"The Touche Ross partner," suggests Douglas Baker, "would not distinguish himself in many ways from being a partner in, say, a local firm of accountants. I think if we have been successful that's the trick.

"We have preserved the independence of the partner, and his identification with a unit which is not so enormous that he feels he's lost in the wilderness."



But in Baker's view any greater form of regionalisation would make it very difficult to operate a centralised management. Some of the other big firms apparently see it differently and still operate on the basis of regional profit pools. But such a system, he claims, would make it almost impossible to run the firm as a single practice.

"If I need someone to go to Timbuctoo and the most suitable partner is from Newcastle, by taking that man out of there you would damage that practice for the greater good of the international firm: and they would have to bear all the costs. They wouldn't do it."

He also argues that the regional concept encourages competition for the same business between different parts of the firm. "I believe that we are in competition with other firms. To have to be in competition with ourselves is just an added hurdle."

From the management point of view the performance of each office is studied very closely. Each one produces a monthly profit and loss account. But there is no direct link with the remuneration of partners.

In fact the number of units of profit allocated to each partner in Touche Ross is decided annually by the board of partners. It is done on an individual basis, taking in factors like age, length of service, location and the more subjective concept of contribution to success.

Remuneration is not based upon equity participation. Many years ago Touche Ross abandoned its elaborate goodwill formula whereby partners could accumulate a substantial capital stake in the firm. It was rapidly becoming impossible for young partners to buy their way in.

More recently the growth of the practice has required an increase in the capital, though largely this has been achieved by holding back the distribution of the taxed profit. The eventual timing of payment is at the discretion of the managing partner—which gives Baker a useful weapon in his struggle to keep down the level of working capital.

## Unpaid fees

"Professional men are very bad at sending out bills," says Baker. But the lower the level of unpaid fees the quicker the firm's profits can be paid out.

Like all British enterprises Touche Ross is currently affected by the recession, at any rate in certain parts of the country. The centralised structure means that partners in the harder hit offices are cushioned, but the firm's management has to consider when changes might be necessary.

In places like Birmingham Touche Ross has continued to recruit, taking the view that the recession will pass in due course. But Douglas Baker recognises that if conditions remain poor for a long period of time it might become necessary to change the profile of the practice by shifting partners to growth areas.

Monitoring training and career development is a crucial aspect of Baker's job. As many as 3,500 people apply every year to join Touche Ross, of which some 300 are taken on, virtually all graduates.

Yet within eight to 10 years, which is the span between joining and becoming eligible for partnership, that number dwindles to a handful. The pattern reflects the fact that the big firms are the main training ground for the profession as a whole—so that many youngsters leave to go to smaller firms or out into industry where the majority of chartered accountants now work.

This high turnover rate is costly in terms of time and money, and it can annoy clients who would like to see greater continuity. "We are providing the chartered accountants for everybody," Baker points out.

Once the select few make it to partnership a concept of equality of status applies. But that does not mean that all get equal shares.

"If the partner's a really high flier—what we call an inside track man—he will do well very quickly. If he's more average he'll do well but not so quickly. And if it became necessary—if the chap changed, and suddenly went from being good to not so good—we would take him down."

Is there a limit to the size at which a partnership structure can operate efficiently? Douglas Baker does not think so, but he emphasises the need for individuals to work in identifiable units.

He points to the London audit practice, which employs over 700 people. "You cannot run that as one unit, I submit. We've broken it down to five or six groups so we have almost a practice within a practice. I believe it's good for the management of those units; it produces that little bit of healthy competition."

Yet it is crucial that there should be a highly developed co-ordination between the partners in the firm. Otherwise embarrassing differences in auditing judgments could crop up.

The scope for becoming still larger is shown by the enormous size of the Touche Ross American firm, which has no less than 727 partners and around 7,000 staff. Douglas Baker is on the executive committee of the U.S. firm, and spends a considerable part of his time looking after international business. He is chairman of the board of governors of Touche Ross International.

Touche Ross International is the co-ordinating body which links the activities of the various national firms. These are all separate profit pools, but make contributions — based on various formulae — to the $8m a year cost of ensuring common standards.

Douglas Baker sees this concept of the national firm as part of an international group as getting away from the old pattern of Anglo-Saxon dominated international firms. The challenge of maintaining comparable performance in all countries is clearly formidable, but the existence of different standards in different places can sometimes make the task easier rather than more difficult.

In the UK, at any rate, he is proud of the firm's rapid expansion in recent years, partly through organic growth and partly through mergers — of which perhaps the most notable was the absorption of Mann Judd a couple of years ago.

## Competitive

But the future could bring tougher conditions. The Hundred Group of finance directors has warned that industry cannot afford to pay rapidly escalating audit fees. Douglas Baker believes that the profession is becoming much more competitive.

"I welcome that," he says, "and I believe that to the extent that it is necessary to be efficient to meet that competition more and more firms will be devoting more and more time to their own management."

How succesful Douglas Baker is in delivering profits to his partners is, however, very much of an unknown quantity. And though, of course, his partners know their own income, they too are left to guess at what their peers in the other big accounting firms are earning.

One thing, however, is for sure. The rush by so many medium-sized accounting firms to merge with the giants of the profession is a sign that their partners see a more prosperous and secure future among the big battalions. They, at least, are convinced that the giant partnerships are not unmanageable. And they have seen the books.

# Pioneers—the anti-merger specialists

BY CHRISTOPHER LORENZ

"PIONEERING" European companies place more emphasis on specialisation than diversification and prefer internal expansion to mergers or takeovers. Though they give high priority to innovative products and manufacturing processes, they also devote considerable resources to marketing.

Despite all the difficulties and uncertainties, they consider that the 1980s offer more opportunities than the 1970s did.

These are some of the findings of a report on 100 "pioneering enterprises" from 18 European countries, published this week by the Geneva-based conference and research organisation, the European Management Forum*.

The companies nominated as "pioneers" in the study were chosen by a 200-strong international jury. The eight nominees from Britain are: Barratt Developments, the construction and property group, British Home Stores, De Lorean Motorcars, Foseco Minsep, Laker Airways, Lansing Bagnall, Pittard, a small leather production group, and Racal Electronics.

The nine companies from France include: Airbus Industrie, Club Mediterranee, Matra, Novotel, and several smaller concerns. The largest national contingent, 14 strong, from Germany, takes in Bertelsmann, Daimler-Benz, Duerr, IBH, Korf, Kraftwerk Union, Nixdorf, Rosenthal, the now troubled Volkswagen, and several less well-known names.

The purpose of the report, according to Prof Klaus Schwab, president of the European Management Forum, is to exemplify the notion that economic and social progress is the sum of the endeavours of pioneering enterprises that have succeeded in translating creative ideas into product, market and process innovation, and also in social innovation.

The criteria on which the level of "pioneering" was judged included 12 possible dimensions of what the Forum calls "excellence, leadership and innovation."

1—Growth exceeding that of other companies in the same field.

2—Noteworthy social achievements.

## Raw material

3—Ability to cope with difficult economic circumstances.

4—Quality of corporate planning.

5—External relations.

6—Rational use of raw material/physical resources.

7—Organisation of the production functions.

8—Commercial dynamism.

9—Research and development capability.

10—Cross-border activities.

11—Financial soundness and safeguarding of the future.

12—Personality of top executives of the enterprise.

*"100 Pioneering enterprises in Europe — 1981." Price: SwFr 100, from the European Management Forum, 19 Chemin de Hauts-Crets, CH-1223 Cologny/Geneva, Switzerland. Tel. 22/360243, Telex 37 047.*

# Business courses

**How to Succeed with Data Base,** Windermere. November 9-13. Fee: £520 (plus VAT). Details from the Savant Institute, 2 New Street, Carnforth, Lancashire LA5 9BX.

**Management in Research and Development,** Slough. November 9-13. Fee: £345 (plus VAT). Details from Urwick Management Centre, Baylis House, Stoke Poges Lane, Slough, Berkshire SL1 3PF.

**How to Select the Right Candidate,** London. November 23-24. Fee: £103 (plus VAT) members, £123 (plus VAT) non-members of the British Institute of Management. Details from Conference Office, British Institute of Management, Management House, Parker Street, London WC2B 5PT.

**Quality Control and Production,** Luton. November 25-26. Fee: £135 (plus VAT) members, £145 (plus VAT) non-members of the Institution of Industrial Managers. Details from Institution of Industrial Managers, Industrial Management House, Cardiff Road, Luton, Bedfordshire LU1 1PQ.

**Public Speaking,** London. November 25-26. Fee: £150 (plus VAT) members, £180 (plus VAT) non-members of the Institute of Directors. Details from Education Director, Institute of Directors, 116 Pall Mall, London SW1Y 5ED.

**Payroll Management, for Finance, Systems and Personnel Management,** London. December 2-3. Fee: £295 (plus VAT). Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

**Modern Management Information Systems,** Henley-on-Thames. November 23-27. Details from Henley, The Management College, Greenlands, Henley-on-Thames, Oxfordshire RG9 3AU.

Cinema

# Nought for your comfort

by NIGEL ANDREWS

Southern Comfort (X) ABC Shaftesbury Avenue and local cinemas
Return of the Secaucus Seven ICA
Paternity (AA) Plaza 2
London Film Festival

"Comes a time when you have to abandon principles and do what's right!" mutters a fatty-headed National Guard, logic imploding in him as violence explodes, after he blows up a Cajun hunter's cabin in *Southern Comfort*. The stomp and splosh of army boots across the Louisiana bayous; the bone-grey trees with their feathery boas of Spanish moss; the glassy inertia of the water; the sudden shoot-out that triggers war between the intruders and the natives; and then a guerilla tramp through the swamps as the assailants swarm soundlessly around cutting down their victims one by gory one.

Writer-director Walter Hill was the draughtsman of spiralling violence who gave us *Warriors* and *The Long Riders*, movies with a lean-and-hungry pictorialism and a heavy dose, sometimes on overdose, of fateful predestination. *Southern Comfort* is in blueprint the Hill mixture as before—beleaguered force running a gauntlet of violence towards Reprieve or Final Showdown. But in execution it's fired up to a far stronger, whiter heat, with a dancing script (co-written by Hill, Michael Kane and David Giler) and often brilliant seesawing in mood between action verve and a cutting, counterpointing irony.

A platoon of National Guard soldiers—America's part-time peace-time militia—are week-end-training in the Louisiana swamp forests. Olive-drab fatigues and jungle-like verdure drip and trail green across the screen. There's a loose-tongued, fidgety cynicism among the men, and a sense that the squad's under-rankers are smarter and wilier than the officers. Rifleman Keith Carradine louchely glints and jokes as the resident wheeler-dealer, promising his cronies a Sunday-night rendezvous with Lurleen and her Bayou Queens—"They'll be expecting some small-unit military penetration:" and the lush subtropicana all around, fabulously shot by cameraman Andrew Laszlo as a weeping *gouache* of silver-greys and greens and browns, is an outré obstacle course to be sped through towards freedom.

Sped through at least until the fatal turning-point: when the team commandeers three idle Cajun canoes to cross a swamp—their owners absent—and are stopped in mid-water by a volley of bullets from the suddenly materialising natives on the shore-line. Canoes overturning in the panic, they scramble to land with one dead (their leader) and their compass lost, and soon begins the epic march through uncharted swamp-land and sniping bayou-dwellers towards the ever-more-chimerical safety of the Inter-State Freeway. Gun, knife and rope do in some of the soldiers: a pop-up blade-studded trellis does for another (the trip-hoists it with his foot like a garden rake): and internal quarrels among the squad itself do for more.

Hill wanted, vouchsafes the Press blurb, to plant a Vietnam war film down in a non-Vietnam setting—to bring the guerrilla horrors home to America's own back garden. *Southern Comfort* is like *Deliverance* crossed with *The Deer Hunter*. As in the first, the wilderness rears up at first slap to turn from playground to battlefield; as in the second, the easy comradeship of peace-time becomes in war a life-or-death test of nerve and loyalty.

The film has a wicked and wonderful logic as it performs its dance-of-decimation and its fall from civilisation, a moment or two of true and tremendous horror (blazing out of its primal Garden-of-Eden setting) and a final sequence of cat-and-mouse teasing with the last two survivors that is about the best thing Hill has done. *Southern Comfort* suggests that the Vietnam war is not a forgotten nightmare of the Past distanced by comfortable miles of ocean and (now) comfortable years of time. It is a *danse macabre* lodged and coiled in the American Id and ever ready to spring out, limbs flailing, into the Present.

*

An alternative response to the after-myth of Vietnam is John Sayles's *Return of the Secaucus Seven*: a micro-budget feature which won many hearts and heads at last year's London Film Festival. Mike and Kate, 30-ish survivors of the late'60s anti-war movement, co-host a weekend reunion for their former college chums and fellow militants, now longer in the teeth, looser in their convictions and playing stone musical chairs with their relationships. The film is like a Junior League *Four Seasons*, but with a flightier, fizzier structure than Alan Alda's film and one in which Sayles gives every character a jumpy life that keeps swatting away predictably. (The "square" addition to the circle, staid Chip, is the one who suddenly un-pockets a cache of marijuana: it's wheyfaced and spinsterly Frances who runs off for a night of motel abandon with garage-hand Ron.)

The weekend fun and games become a set of deliciously jangling keys that unlock character. Jeff and JT, rivals for Maura's love, knock knee and needle each other in a basketball game like football Pros with a black-list. A game of "Cluedo" between the four girls—"Colonel Mustard in the conservatory with the spanner"—hints at stately violence beneath the quaint country weekend. And when the boys go naked-bathing in a river, it's all flaunted athleticism and centrefold macho poses as they battle for the girls' attention.

Sayles (who wrote the screenplays for *Piranha* and *The Howling*) has a fine eye for surreal adjacencies of scene and mood, and a fine ear for dialogue which though ripe in 1960s sub-McLuhan jargon ("Katey's so judgmental!") is slowly shaking it off as 30 and thoughtful wisdom approach. Return of the Secaucus Seven is the best off-the-beaten-track film in London.

It certainly beats the latest Burt Reynolds vehicle. *Paternity*, unlike eternity, is too long. Mr Reynolds, unmarried and aspersing matrimony, seeks a "surrogate mother" to produce his child—one who will meet and mate and deliver the baby, disappearing thereafter. There is some sitcom hilarity as Burt first puts the proposition—to such as Beverly D'Angelo and Lauren Hutton—but thereafter pre-natal depression sets in and piquancy moves out.

The 25th London Film Festival opens at the National Film Theatre next Tuesday. "Our largest festival ever" says the programme booklet, and indeed the three-week event offers a daunting stampede of films which director Ken Wlaschin has helpfully tried to corral and segregate by creating a dozen-odd different categories. (They include New Directors, Controversy, British Cinema, Asian Cinema, African Cinema, Jazz Films and National Film Archive Treasures.)

A scene from Southern Comfort

Coliseum

# Louise

by MAX LOPPERT

The revival in the fortunes of the French operatic repertory, which this year alone has brought to London works by Meyerbeer, Gounod, Massenet, and Saint-Saens neglected in recent times, now returns to the light one of the former favourites of the Opéra-Comique—Charpentier's "musical novel" of 1900, *Louise*. The new English National Opera production, to be shared with the Opéra Royal de Wallonie, Liège, combines the talents of conductor Sylvain Cambreling, producer Colin Graham, designer René Allio, and a large cast led by Valerie Masterson; the first night was on Wednesday.

After a London Opera Centre production in 1973, and again after a New York City Opera performance in 1977, Andrew Porter wrote on this page that *Louise* was "an opera that no serious company could dream of reviving." I would not put it as harshly as that: and would even offer a temperate welcome to the ENO initiative, for the instruction of seeing a work of some historical importance seriously and considerately staged, and for the attractive contributions he work invites and has here been granted. But it can hardly be denied that during a long evening of uneven musico-dramatic interest and fairly limited nutritive value the mind wandered more than once across a well-stocked list of French operas that might more profitably have been given in its place.

Charpentier was an engaging, gregarious, picaresque figure. That is reflected in his own libretto; the first operatic celebration of Free Love, the first operatic attempt to portray working class daily life, and the full *fin de siècle* apparatus of dawn impressions, street scenes, and *fêtes*, made in its time an undeniable and significant impact. One hears and appreciates not only the influences received from Bizet, Wagner, and Charpentier's teacher Massenet, but those transmitted to later opera composers—lines shoot forward to Delius, to *Il tabarro*, even to Gershwin.

But what comes across in the theatre—strangely, it does so much less on records—is the loose, unfocused expression of Charpentier's various humanitarian sympathies, and, above all, the musically insubstantial expression of those sympathies. It is all very competently put together, an "effective" but crude mixture, heavily reliant on repetition of a few motifs—very few, one feels, by the end of the evening—broadly scored (weighting climaxes against the voice as Massenet and Puccini almost always avoided doing) and rhythmically stiff-jointed, falling with fatal readiness into the demotic rum-ti-tum of "The man who broke the bank at Monte Carlo." There is a central banality of vision in *Louise*, and it is made manifest in every scene.

Perhaps an original-language revival might yet impart a whiff of the fragrance one longed for but, except in the opera's best-known passage "Depuis le jour," never quite caught. (Edward Tracey's new translation creaks, though admittedly it must be fearfully hard to reproduce in English Charpentier's unpretentiously intimate fusion of word and vocal line.) In picturesque sets reflecting images from side mirrors and radiating light from the back, their perspectives well-cut and appealing, the production does much, if perhaps not all, that can be done to "make a case" for *Louise*. There are questionable details (by leaving the tenement roof-less, the designer has sacrificed something of bourgeois suffocation; Louise and Julien inhabit a comically big bed open to the Montmartre sky and later cranked noisily off the stage): and the crowd scenes, a scintillating account of the dressmaker's sweatshop apart, have their awkward moments. But Mr Graham's touch, in the family confrontations, in the tactfully played romantic exchanges is precise and direct; what strengths the opera can muster emerge here.

Until the last act and the final set-to between father and daughter, the title part must be counted among Miss Masterson's most charming and delicately achieved forays into French opera, and that is saying a good deal. Then, one begins to reckon the need for a more ample, even a warmer voice; strain was evident, though it was handled with the expertise that is so admirably a part of this artist. John Treleaven's ringing high note afforded unfamiliar excitement from a British tenor, and his frank, unencumbered stage personality made much of the somewhat faintly outlined Julien; but he should investigate a still suaver method of dealing with the less vigorous vocal writing—and should be given, at the earliest opportunity, a new set of clothes (at present he sports a red velveteen jacket better fitted for a conjuror at a children's party than a Montmarte artist). The meaty parent roles go to Richard Van Allan, singing with beautifully unstrained cello tone, lean, subtle, and powerful; and Katherine Pring, responding with a formidably full range of expression to the most completely rounded character of the opera—even the now awkward register gear-changes are turned to advantage.

Valerie Masterson and John Treveiyan

Among the huge supporting cast one noted with pleasure Ava June's street sweeper, Penelope Mackay and Patricia O'Neill among the seamstresses; and with displeasure Stuart Kale squeezing and pressing hard the Noctambule's music. The conductor, admired on this page for his Berlioz at Lyons, Rossini at Glyndebourne, and a recent *Mireille* at Geneva, proved an unexpected disappointment. Elegance, and sympathy for the heavily exploited colouristic devices of the score, were not lacking, but energy quite often was—in the dawn awakening and the Montmartre ceremonials, where Charpentier needs a conductor's greatest help, the pace flagged repeatedly. Would even the most urgent infusions of directorial energy conceal the shortage in the opera of truly vital invention?

Grand Théâtre, Nancy

# Ballets of the peace

by CLEMENT CRISP

Like many of the best ideas, Jean-Albert Cartier's new programme for th eBallet Théâtre Français in Nancy is dazzingly simple. Without seeking to be didactic, he has assembled four significant ballets of the immediate post-war years and enabled his audience to see something of the ideals and aspirations that made ballet-going in 1945-46 so exciting. He has chosen *Four Temperaments* (a key piece, with *Orpheus*, in the Kirstein/Balanchine Ballet Society which led on to New York City Ballet), *Aubade*, a quintessential example of Lifar's manner, which he made for the Nouveaux Ballets de Monte Carlo, and two of the successes of the first year of the Ballets des Champs Elysées—Janine Charrat's *Jeu de Cartes* and Petit's *Les Forains.*

The effect is fascinating; an example—sadly needed by the Royal Ballet—of what intelligence and taste can do in programme-building to make an illuminating as well as enjoyable evening in the theatre.

It must be said, first of all, that the programm eoffers a most attractive portrait of the company. After three years an ensemble has emerged that is coherent and sensitive in style, youthful and bright in manner. One other fact is also clear: *Four Temperaments*, that seminal masterpiece, has not dated at all. In the sense that the entire bill, which I swa on Sunday, is an exercise in time-travel, *Four temperaments* is outside time, ever fresh and still challenging in its innovations. It was given a clear, idiomatic performance, for it suits the unaffectedly "modern" physique of the young BTF dancers—proof of its continuing relevance and importance as a contemporary work.

*Aubade*, by contrast, looked an example of late Art Déco. Lifar's realisation of Poulenc's "choreographic concerto" bears all the imprints of his highly personal neo-classic style. The sculptural poses; the dancers working in parallel; the *martellato* use of points for the rhythmic energy which cuts women; a driving, pounding through the music, are qualities exactly recaptured in the revival by Vladimir Skouratov (that poetic danseur noble who was, with Renée Jeanmaire, the ballet's first cast).

The text is insistent, dense, and so bold that it impels belief in the way Lifar treats of Diana surprised by Actaeon, and avenging herself by turning him into a stag. Actaeon was danced with complete authenticity—heroic outlines, full-blooded dynamics—by Rudy Bryans, whose dark temperament was ideal in its focus on the role. Diana was the American dancer Alexandra Wells, and although the difficult choreography lies well within her competence, she misses the chic, the vital French elegance that was Jeanmaire's, and which made the goddess seem a figure designed by Lalique.

*Aubade* is very much of its period, yet its imaginative force is strong and still commands our respect; the placing of the orchestra on stage behind the dancers, with a Dufy sketch of musicians as a backdrop to echo their presence, is no mere gimmick, but an essential extension of Lifar's theatrical image.

The inclusion of two works from the first Champs Elysées easons mut inevitably make a ballet-goer of my generation rather misty-eyed. The ballets and the dancers were so novel and so attractive, so marvellously stylish in those long-gone days that I wondered if I dared look at them again. *Jeu de Cartes* was entirely dominated in memory by Jean Babilée—what genius was there—in whom temperament and technique were transcendentally one.

Revived with excellent new designs by Yvarral, it offers honest neo-classic inventions, but Charrat's plan now appears inconclusive: each of the "deals" is interesting, but their total effect is less than the sum of their parts. What is lacking is the power of Babilée as the malign Joker to give cohesion by the simple magic of his presence, albeit Angelito Lozano does more than well in the role.

The Champs Elysées ballets were inevitably vehicles for Petit Vyrubova and Babilée and Jeanmaire—already stars despite their youth—and without their lustre a certain vital force is gone. And yet—*Les Forains*, revived by Petit, came happily to life. There was that sublime and simple *Bérard* set, manhandled from the players' cart and brought to life before our eyes. On came the first girl, the conjuror with the tired girl on his shoulder, the sleeping beauty perched on the cart, the doves in the cage. There was that insidious waltz by Sauguet, and the old excitement as the performance took place. To their great credit, the BTF dancers got inside their roles, notably Aliosha Gorki as the conjuror, and the little miracle of *Les Forains* took place once again. Memory had not cheated.

## Ashkenazy appointment with Philharmonia

Vladimir Ashkenazy is to become principal guest conductor of the Philharmonia Orchestra. His next appearance with them will be in January when he will conduct 20 concerts, consisting of a tour of northern England (sponsored by the House of du Maurier), a visit to Paris, and a ten-concert tour of Japan, followed by three concerts at the Festival Hall in February.

Festival Hall

# Music of Eight Decades

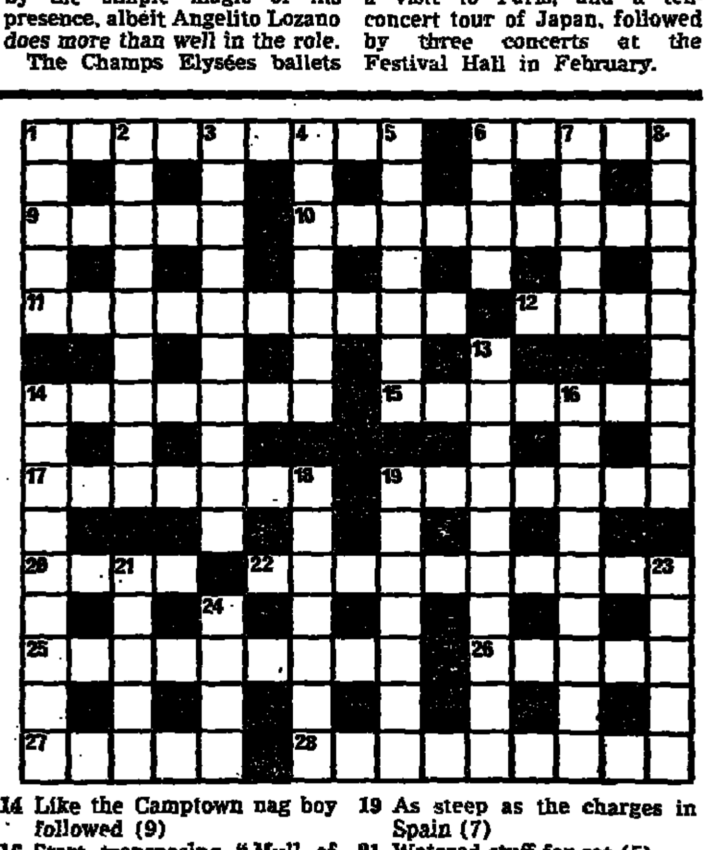
by ANDREW CLEMENTS

In yet another attempt to provide an enterprising contemporary music orchestral series in London, the BBC has joined forces with the London Orchestral Concerts Board to present eight concerts of 20th-century music between now and next May, under the title of "Music of Eight Decades." Four concerts will be given by the BBC Symphony Orchestra, two by the London Sinfonietta, one each by the London Symphony and the Philharmonia. Conducted by Gennadi Rozhdestvensky, the BBCSO began the project on Wednesday.

The title is a fairly capacious umbrella. For this first programme three of the composers represented were born in the 19th century, while two of them, Janacek and Skryabin, did not overlap at all with the single living representative, Alfred Shnitke born in 1934. Shnitke provided the evening's novelty with the first British performance of his *In Memoriam*. Yet all was not quite what it seemed: the piece proved to be an orchestral transcription of the reasonably familiar piano quintet of 1975. Shnitke's reworking is fluent and imaginative, embedding keyboard sonorities (harpsichord, celesta, organ) into the texture most tellingly. But the most adroit orchestration cannot add musical content to what is a vacuous work. The tone clusters gain extra bite when given to brass or a string orchestra, the diatonic melodies can be spiked with quarter tones more colourfully when woodwind can be deployed. Yet the scale of work—the gap between means and intention—remains as unclear as ever.

The whole programme had an indigestible Slav tang to it; Janacek's Sinfonietta to close, and a pithy first half of Stravinsky's *Agon* (a difficult work to begin a concert, in a performance that never quite left the ground) and Skryabin's *Prometheus*, in which Victoria Postnikova took the solo piano part.

## F.T. CROSSWORD PUZZLE No. 4,711



ACROSS

1 Bird to grate on the ear? (9)
6 Coming before a superior (5)
9 Fire-raising priest beheaded (5)
10 Dr Seager's prescription for what grows in the marsh (4-5)
11 There is wealth on the board—get allowance for official entertainment (5-5)
12 Part of the Cato garderobe? (4)
14 Father's capital investment (7)
15 Eat Dot's recipe—it is nicely browned on top (7)
17 Raleigh's was framed (7)
19 Cover charge? (7)
20 Building society member gets a letter to make advance payment (4)
22 Know a little spot—it is easily recognisable in Scotland (10)
25 It reduces friction in moving club-train (9)
26 Garbled tale right subsequently (5)
27 Party longing for senior member of profession (5)
28 Ship-breaker (9)

DOWN

1 Proceed without effort around Ascot (5)
2 Barer, spry variety grown to be blown? (9)
3 Relative intimacy? (10)
4 Perfectly good headlight? (7)
5 e.g., P, I, N or S (7)
6 Sheet of buttons (4)
7 One mile past—that's as far as a moth can go (5)
8 Crams load into vehicle for black sheep (9)
13 Trader willing to talk turkey? (4-6)
14 Like the Camptown nag boy followed (9)
16 Start transposing "Mull of Kintyre" using small ornaments (9)
18 Irreconcilable Conservative to go with firm (3-4)
19 As steep as the charges in Spain (7)
21 Watered stuff for cat (5)
23 Rorer? That is wrong . . .(5)
24 . . . . roarer is right (having combed wool on its back) (4)

Solution to Puzzle No. 4,710

SLIPPEDDISC DEW
E N E I M R E A
DAUNT SUPPORTER
A N E P R S A D
TUDORROSE SLIME
I A S S B L N
VITIATE SHIN
E E R L G L
STET MALTESE
S K I U E N N
CLIFF BILLABONG
A N I B A I A T
REDACTION RAJAH
E L E N G E I E
DIE RAGGEDROBIN

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# Mr. Reagan's opportunity

PRESIDENT REAGAN scored a notable and welcome victory in the Senate on Wednesday. His success in winning approval for the sale of Awacs radar aircraft and ancillary military equipment to Saudi Arabia has demonstrated that in this critical area of foreign policy he can govern through Congress and not in spite of it.

The Senate vote has simultaneously helped bind together the forces for moderation in the Middle East. Mr Reagan's determination to overcome strong opposition to the sale is the best indication of his Administration's concern for Arab allies and may in turn encourage them to continue positively to search for a Middle East settlement.

America's agreement to sell essentially defensive military systems to its key Arab ally came at a critical moment. A negative Senate vote would have weakened Saudi Arabia's pro-Western position at a time when fresh uncertainty had already been injected into the region by the assassination of President Sadat. The killing of Mr Sadat by Islamic extremists raised questions not only about the political stability of Egypt but also jeopardised the quest for Middle Eastern peace. While the eventual sale of the Awacs will in itself contribute little towards this quest, the atmosphere it has created may well prove productive.

Lord Carrington, the current president of the European Council of Ministers, will be in Saudi Arabia next week to discuss possible co-ordination between the so-called European initiative and Crown Prince Fahd's eight-point peace plan.

The importance of such co-operation, particularly if it eventually gains some American backing, could well become evident after next April when Israel is scheduled to return the final portion of Sinai to Egypt under the terms of the Camp David agreements. At that moment the remaining momentum of the Camp David negotiations could finally fade away. There is a broad measure of agreement—with Israel the strongest dissenting voice—that Camp David accords have not proved an effective vehicle for negotiating a wider Middle East settlement which would include the Palestinians.

### Conditions

Western and moderate Arab opinion is at one on the necessity of seeing the withdrawal from Sinai completed. If there is any value in European countries committing troops to the multinational force which will later police the border, it is that such a gesture may offer reassurance to Israel.

Crown Prince Fahd has indicated in his eight-point plan that Saudi Arabia would be willing to recognise Israel, albeit with heavy preconditions. Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, has given a qualified welcome to the Fahd plan, despite the hostility of some radical Arab states. The Europeans believe these statements offer a glimmer of hope, the eventual aim being a simultaneous statement of mutual recognition by Israel and the PLO.

Progress along this road is certain to be extraordinarily difficult with the PLO already under heavy pressure from the hardline Arab states who will voice their opposition to Crown Prince Fahd's plan at the Arab summit in late November.

The most immediate danger lies probably in Lebanon. The ceasefire in the south has held for three months but with inter-Arab tensions increasing and some Israelis unconvinced by the protestations of President Mubarak, the dangers of renewed conflict are considerable.

### Supremacy

The Syrians are still deploying surface to air missiles in the Bekaa Valley and Mr Menahem Begin has not dropped his demands that they should be removed by force if necessary. A return to the region by that skilled American diplomat Mr Philip Habib would be a welcome development in the coming few weeks.

A fresh emphasis on the value of diplomacy would also serve to correct the impression created by the United States after Mr Sadat's death that it viewed the Middle East primarily in terms of the struggle with the Soviet Union and that its main response to the assassination was military.

One of the results of this policy has been to encourage Arab states to take sides in the battle for superpower supremacy, which has in its turn served to involve the Soviet Union more closely in the Middle East. Few Arab leaderships believe that there can be real progress towards a lasting Middle East settlement without a degree of understanding between Washington and Moscow.

It would be unfortunate if Mr Reagan failed to capitalise on the opportunities which his Awacs victory has provided. But it would equally be a mistake not to appreciate the amount of political capital which Mr Reagan has expended in Washington during the past few weeks. The drain on his resources may be such that it is now even more imperative for Europe to press on with its ideas for bringing the warring parties to the negotiating table.

SOVIET GAS PIPELINE CONTRACT

# How the deal was done

By Paul Cheeseright in London, Kevin Done in Frankfurt and Terry Dodsworth in Paris

THE CHAMPAGNE was flowing near midnight at the Mannesmann complex in Dusseldorf. Groaning buffet tables celebrated victory for the successful sub-contractors to the most grandiose East-West project ever devised.

That late night supper at Mannesmann signalled the fact that a 5,000 km natural gas pipeline to carry Soviet gas from Siberia to consumers in western Europe has moved an important step closer to reality. It was the decisive end to 18 months of negotiations and six years of spasmodic talks.

Doubts about Soviet intentions and fears of U.S. antagonism to the project slipped away in the general euphoria of work gained and revenues assured. It was a fitting climax to a day that had seen contracts for about £1bn of goods and services signed with Machinoimport of Moscow.

For the Soviet Union, the celebration meant that the fourth phase of a massive network of pipelines, some for gas export, some for internal use, was falling into place. And it was a personal triumph for Mr Yuri Tersarkissov, vice-president of Machinoimport, the state buying agency (once expelled from the UK as a spy), and his 32-strong negotiating team.

For the U.S., present at the celebration only in spirit, it was a bitter-sweet occasion. Bitter because the U.S. fears increasing West European energy dependence on the Soviet Union; the Reagan Administration is trying to cobble together alternative supply plans. Sweet because nearly all the equipment rests on the technology of three U.S. companies—GE, Dresser and Cooper, which will gain from parts sold and licence money paid.

Indeed, the party at Mannesmann was like a roll call of GE's European turbine manufacturing associates. Present: AEG-Kanis of West Germany, John Brown Engineering of Scotland and Nuovo Pignone of Italy. Absent: Thomassen of the Netherlands, which fell by the wayside in the final stages and Alsthom-Atlantique of France, evidently without the capacity to make the turbines in the time necessary.

But the management contractors were there too, Mannesmann and Creusot Loire of France are in a consortium to provide 22 compressor stations, but all the compressors are based on U.S. designs. Nuovo Pignone was there in a contracting role too. Its compressors are the only part of the basic equipment not dependent on U.S. technology.

All were winners in Machinoimport's contrived race. The losers included Cooper-Rolls, the 50-50 joint venture company [illegible] of the UK, makers of the RB211 engine, and Cooper Industries of the U.S., the compressor manufacturers, Salzgitter of West Germany, Mitsubishi of Japan and AEG-Kanias, which won only half of what it sought, gaining turbine orders but failing, with Salzgitter in a bid for the general management contract.

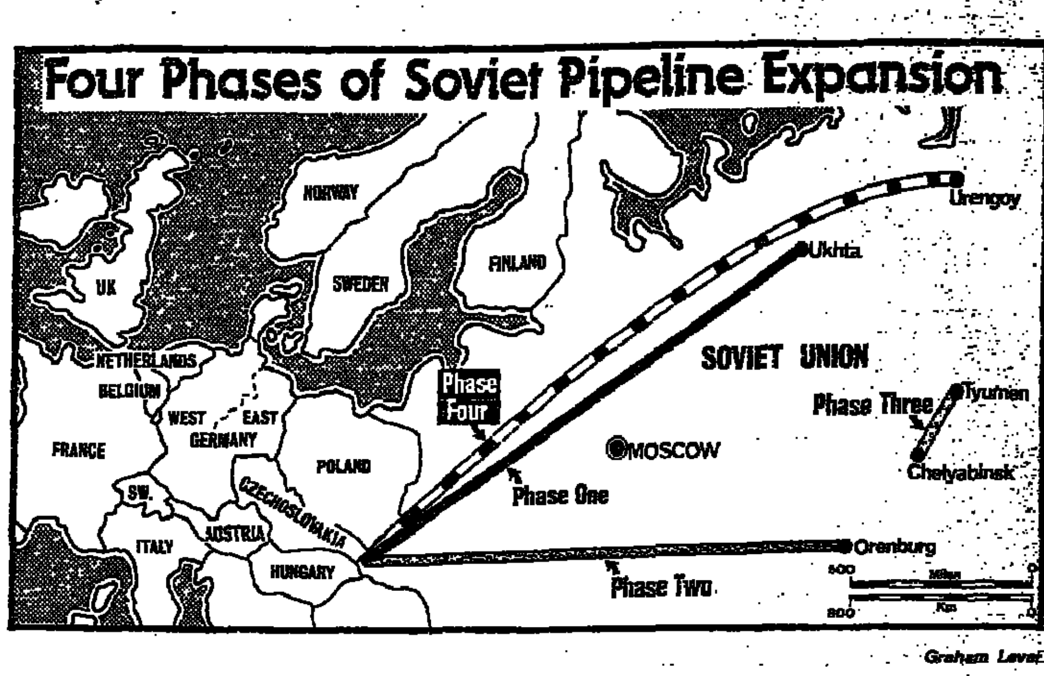
**The western Soviet Union is a maze of gas pipelines, but the links affecting the West have grown in four phases. The first two, the Northern Stars line from Ukhta and the Friendship line from Orenburg used gas turbine technology from GE of the U.S. The third from Tyumen, used technology based on Rolls-Royce aero engines. The fourth phase involves running a pipeline for 5,000 km from an area south east of the Yamal Peninsula.**

**A lot of equipment, ranging from the pipes themselves (many of which will be supplied by Mannesmann of West Germany for phase four) to computer controls are needed for a pipeline. But the purpose of the basic machinery is to push the gas along the pipeline. This is done by a series of compressor stations, which are made up of a turbine to provide the driving force for a compressor to propel the gas along the line to the next station.**

**There is a distinction between the "heavy-duty" turbine, of which the GE design has the largest share of the world market, and the light-weight turbine based on aero-engine technology, produced by Rolls-Royce and others.**

**In the phase four negotiations for equipment supplies, just completed, the Soviet Union had to make a basic choice on the nature of the driving force for the pipeline.**

**The choice fell on the GE technology. GE has manufacturing associates in Europe and Japan — AEG-Kanis, Alsthom Atlantique, Nuovo Pignone, Hitachi, John Brown Engineering, Thomassen — most of which have provided equipment in the past for Soviet pipelines. They compete among themselves—and with GE itself—but the rotating parts of turbines are provided by GE.**



Graham Lovet

The origins of that race lie back in 1975 when a complicated exchange arrangement, involving the movement of Iranian natural gas to the Soviet Union and the sale of Soviet gas to western Europe, was conceived. The idea was never consummated. But at that time Mannesmann and Creusot-Loire staked their claim for equipment contracts in the belief that French and German gas purchases would eventually give them an edge in winning supplying contracts.

From the exchange arrangement came the idea of a pipeline to western Europe carrying gas for West Germany, Belgium, France, Italy, the Netherlands and Austria. It became a serious proposition in 1979. Then the third phase of the Soviet pipeline expansion had been completed — the Tyumen to Chelyabinsk line with complete compressor stations provided by Coberrow — the Rolls-Royce, Cooper-Bessemer, Williams Overseas consortium.

The choice of Coberrow for the third phase would colour the negotiations about to start for the fourth. It had shown that the Soviet Union was prepared to break away from use of GE-type heavy turbines into the lighter aero-derivative machinery where Rolls-Royce was striving for worldwide pre-eminence (as explained more fully in the caption to the map). It widened Soviet choices and made technical decisions more difficult to reach.

Gosplan, the Soviet planning authority, wanted the highest technology available. The Ministry of Gas wanted equipment it had been comfortable with over the past decade. During 1980 that bureaucratic battle would be joined. Against this background the potential management contractors were taking no chances. By mid-1980, traditional turbine manufacturers like John Brown—most of them GE associates—were being asked for budgetary estimates.

But between phases three and four of the pipeline development, Soviet negotiating tactics changed. When Coberrow negotiated phase three, the Soviet authorities did not enquire, did not seem interested in, what the consortium would pay its sub-contractors. It had been the same with other European contractors on the earlier phases.

When the talks started in earnest, however, the contractors found that Machinoimport was not prepared to treat only with them. The Soviet authorities wanted to keep control in their own hands. "The Russians have learned a lot about the co-ordination of different companies and sub-contractors. They have an insight now of what they want technically and what they have to pay for it," noted Mr Peter Schreiber of AEG.

Not only that. The Soviet authorities are able to read balance sheets; they had been able to see the impact on profits of contracts granted in the earlier phases of pipeline development.

Talks started on the assumption that there would be a single pipeline — route uncertain — to carry 40bn cubic metres of gas to the West each year at a pressure of 101 atmospheres (1,484.7 lbs per square inch). Then the plan changed. There would be two pipelines, each with a pressure of 75 atmospheres. By December 1980 this plan was collapsing too and the Soviet authorities were moving towards one pipeline to meet the original requirement of gas sales by 1984, followed by another to start operating by 1986. By May 1981 this had become a definite choice.

The shifting plans reflected the bureaucratic tussle in Moscow and the emerging primacy of the Ministry of Gas. But they demanded from the potential suppliers new sets of estimates on each occasion. When the twin pipeline idea fell through, Machinoimport sought just such new estimates on the basis not of consortia but of nationally-based supplies. This may have been part of the reason why the Mannesmann-Creusot Loire consortium came apart in December 1980, but it had reformed by February 1981.

The Soviet move seemed calculated to raise the competitive pressure of the bidding, pitting suppliers from one country against those of another.

"That was the style from start to finish. By the spring of this year though, new urgency was creeping in. Time was running out to meet the 1984 deadline. The Soviet Union approved a new Five Year Plan. Political relations between the Soviet Union and the U.S. were deteriorating. Negotiations for a major West German credit were in train, but concluded in a limited, untidy fashion, making it inevitable that supplying contracts would be spread more widely than had at first been thought. Major German gas purchases would not inevitably mean major equipment purchases from West Germany.

The symbol of that greater urgency was the establishment, in May, of a headquarters in an elegant suburb of Cologne. A suite of offices on the third floor of a building was taken. On the second floor was GE.

The major suppliers kept missions in Cologne. Negotiations went in spasms. Mr Tersarkissov would call company representatives in. They would talk and the companies would go away again. The only way a company would know it had not been eliminated from the negotiations would be another summons. Restrospectively the companies pick out three distinct stages. There were the technical talks, which finished in August, overlapping with the financial and then last of all the final pricing.

The key Soviet decisions were probably made in the last week of August and the first week of September. Then the Machinoimport delegation returned to Moscow and there was at least one two-day meeting attended by Ministers. The main casualty of that fortnight seems to have been Cooper-Rolls. Although price talks continued into the fourth week of September, lack of Soviet confidence in the ability to maintain the light-weight turbine and the need to buy more lightweights than heavyweights reinforced the conservatism of the Ministry of Gas, the victor of the bureaucratic tussle.

The Machinoimport delegation returned to Cologne to put the final squeeze on prices. Here the main casualty was the AEG-Salzgitter bid for the general compressor station contract. The terms had become too harsh. "We have our own idea of what general contracting is all about," said Mr Schreiber. "We gave our last price and then just said there was no more in it for us." The Japanese bid was nowhere to be seen, possibly a victim of Moscow's political differences with Tokyo.

That left Mannesmann-Creusot Loire and Nuovo Pignone. The Mannesmann-Creusot Loire management contract was not the normal type. The logic of the Machinoimport negotiating tactics had taken away from the consortium the choice of sub-contractors, leaving only supervision and a pared down management fee of 6-7 per cent of the project value.

"We can only make money by exemplary management of the project," noted M Jean Cosrihens, general manager of Creusot Loire's energy division. "The engineering is fundamental. If we have got it right, if there are no technical problems, and we can deliver on time with no penalties, we shall be all right."

Nuovo Pignone was different. With Italy buying gas and the group emerging as the chosen instrument of the Italian Government, a contract naturally followed. But because Nuovo Pignone is providing all the basic equipment for the southern part of the line, it is receiving no general management fee like Mannesmann-Creusot Loire.

Machinoimport had screwed the prices down tightly, but even as the champagne flowed in the early hours of September 29 — just before the end-o-the-month deadline for taking up a French export credit — a fog of questions remained. The issue of the gas price was unresolved and what happens to the pipeline when it reaches the Czechoslovak border is unclear.

*Additional research by Mark Meredith in Edinburgh.*

## THE MAJOR CONTRACTS

NORTHERN PART OF THE LINE

| 22 Compressor stations through Mannesmann-Creusot Loire consortium | Total turbines | Type | Manufacturer of turbines | Compressor manufacturer | Compressor licensor |
|---|---|---|---|---|---|
| Header station | 5 | GE Frame III | AEG-Kanis | Demag | Dresser Clark |
| 14 stations | 42 | GE Frame V | AEG-Kanis | Creusot Loire | Cooper |
| 7 stations | 21 | GE Frame V | John Brown | Dresser France | — |
| SOUTHERN PART OFT THE LINE | | | | | |
| 19 compressor stations through Nuovo Pignone | | | | | |
| | 57 | GE Frame V | Nuovo Pignone | Nuovo Pignone | — |

# Confidence and the right to know

BRITAIN's law on the acquisition and use of confidential information is unsatisfactory and ripe for reform. It consists at present of a series of precedents, which attempt to apply the common law concept of "breach of confidence" to issues ranging from the disclosure of confidential papers in investigative journalism to the exploitation of commercial secrets obtained illicitly from competitors. Rather than coalescing into a clear body of law which would reflect the growing importance and value of information in modern society, court judgements on these issues have curbed public access to information but, at the same time, have failed to protect individuals and businesses from serious abuses of confidentiality for which traditional common law made no provision.

### Privacy

This is why the Law Commission, in its report on Breach of Confidence, published yesterday, argues strongly that case law is no longer adequate to deal with this area. The commission proposes that the existing common law should be abolished and replaced with a statute which could take account of the rapid technological change in the acquisition and use of information and could balance explicitly the public's need to know about what goes on in political and business life, with the desirability of preserving trust and privacy within organisations and between individuals.

The present common law deals only with information that is entrusted in confidence. It enables the person who provided the information to prevent it being disseminated or abused. But its relevance to the use of information which has been obtained by ellicit means such as bugging, telephone tapping or photography has never been clear. The commission's suggestion that information obtained by such means should be classed as "confidential" would give the victims of such surveillance some redress against the abuse of the information obtained.

Although it may be a roundabout method of dealing with the general problem of bugging, which successive governments have attempted to evade, the commission's proposals for civil remedies against the abuse of information obtained by public officials as well as by private citizens would have the merit of introducing some measure of judicial control over this increasingly controversial area.

The granting of new types of remedies to the courts in cases where confidential information has been exploited for profit would also be a sensible measure.

The most controversial and far reaching of the commission's proposals would involve a narrowing in the protection now provided by the law of confidentiality. The idea of creating a statutory right to disclose information unless the courts find this to be against the public interest is an attractive one, particularly after the confusion that has ensued from recent cases such as the one last year between British Steel and Granada Television. The difficulty that even the Court of Appeal and the House of Lords found in enunciating consistent principles for deciding whether disclosures about matters of national political importance should be permitted is sufficient proof that the present law is in a thoroughly unsatisfactory state.

The danger is that attempts to clarify the law may have the practical effect of limiting the scope of investigative reporting by the media. Although it is proposed that the onus of proof should be placed on the plaintiff who wishes to prevent confidential information from being disclosed, a great deal would depend on how the courts interpreted the guidelines laid down for deciding whether a piece of information is or is not of legitimate public concern.

# Men & Matters

### Sit. Vat.

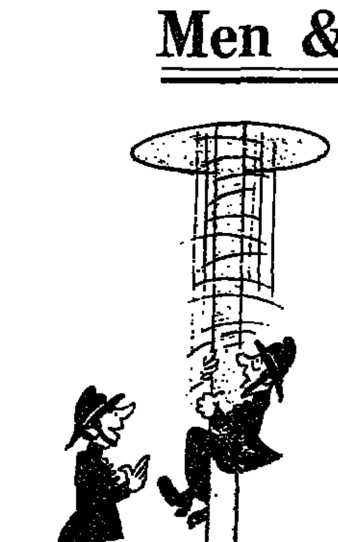
Old Hong Kong hands in the City are sniffing with derision at the terms being offered for one of the investment world's most difficult jobs, that of commissioner for securities in the Crown Colony.

"Anyone who takes it is a maniac," one broker informed me after considering the advertised £21,070 salary plus 25 per cent (taxable) gratuity.

Hong Kong's investment community is lively at the best of times. But the 30 per cent fall in the Hang Seng index since July coupled with the Government's plans to unify the four stock exchanges, curb insider trading and tighten up takeover bid rules have left the swashbuckling business tycoons unusually jumpy.

The last commissioner resigned suddenly last month after a period of extended leave and a year before the end of his term. The Government turned to the City for help, and Robert Fell, 60, the London Stock Exchange's chief executive, is on his way next month for a six-month stint while a new man is recruited.

The number of people willing as well as able to attempt to contend with the job for a longer period must be very small, not least because of the high cost of living in the colony. But so far, six inquiries have been received at the Hong Kong Government's London office.



"It's part of the productivity deal—we've had to grease the pole!"

### Mixed fortunes

It was a good day and a not-so-good-day for Barclays Bank's Italian business yesterday. In London, Ken Bromley, group general manager for Barclays Bank International (Italy) was at the Hilton to receive an award from the Institute of Marketing for a long-range plan designed to strengthen the group's Italian presence.

But meanwhile in Milan, Barclays Leasing International SPA — known as BLISS—was preparing to absorb losses from a machine tool deal which has come a cropper.

It seems that BLISS was introduced to a Mr Gianfranco Maiosso in Turin. Maiocco has a trading company there called SICMU which trades in machine tools.

Barclays in Italy, reads the bank's official statement, "loaned money to SICMU against the security of machine tools. Due to the recession and a substantial drop in the machine tool market, SICMU has run into liquidity difficulties."

Bromley took time out from the awards ceremony yesterday to declare that "there is absolutely no question of any Barclays company going broke." But he did say there could be some losses stemming from the Maiocco venture.

Where did Maiocco come from?" "He was respectably introduced to us," answered Bromley. What went wrong? "Turin as a whole is almost a disaster city and there are a lot of companies in difficulties, so there will be many people having an anxious moment."

Did the potential losses, rumoured to be around £5m, disturb Bromley's enjoyment of the awards ceremony? Not a bit. "If there are any losses they will be quite easily absorbed by the company."

### Oliver: no more

"I have been unhappy for some time . . . It was a complete and utter nightmare. For two-and-a-half years I was lying awake at night wondering who to fire next," confessed former high-flying financier Oliver Jessel after his resignation as chairman of Charles Clifford Industries.

Clifford is in the metal-bashing business, and Jessel found it all too much. "I am a wet—totally out of step with Government policy, which has been disastrous for companies like this."

He now intends to concentrate on his Jessel Trusts and Rotaco. He hopes to bring the latter company, which earns most of its money from domestic appliance distribution, to the Unlisted Securities Market.

Jessel will, however, keep links with Clifford, Rotaco owns 27 per cent of the shares, and Konrad Legg, who sat on the Board of Jessel Securities in the golden days of the early seventies, remains chief executive of Clifford.

During his three years at Clifford, Jessel cut the workforce back from 610 to 290. The Board now shrinks to four which is, says Jessel, "three too many for a company of that size."

### Back to back

Returning to the Commons from political exile in Stormont for Tuesday's "no confidence" debate, Northern Ireland Secretary Jim Prior made it plain that absence has not made his heart grow any fonder of the Government's economic policy.

A major talking point at Westminster yesterday was Prior's decision, when he entered the chamber during the Chancellor's winding-up speech, to ignore the vacant seats on the Government front bench. Instead, he kept his distance from Sir Geoffrey Howe and the Prime Minister by choosing a seat on the Tory back benches. Unsuccessful attempts by the Government whips to entice him into joining his Cabinet colleagues on the front line merely served to emphasise the deliberate nature of the snub.

### Snap judgement

Leica—the photographic company immortalised in the review of the play "I Am a Camera," which read simply "Me no Leica"—has found a ready publicist in Earl Spencer, father of the Princess of Wales. "Best cameras in the world—always used one," said the good Lord yesterday morning as he presented the prizes for a joint Leica-British Rail contest for snaps of modern railway technology in period settings.

As befits the father of the bride, Lord Spencer is developing a dazzling line in royal chit-chat. "How long have you been doing photography," he asked one winner. A year, came the reply. "Ah, you started when you were younger."

BR chairman Sir Peter Parker was also in the mood for a well-turned phrase. Thanks to the board's policy of tarting up its historic buildings, he remarked, "you may have noticed the return of the Pink Pancras."

### Cross line

"Coinless payphones," fumes a correspondent, "would British Telecom not be better employed devising a painless coinphone?"

*Observer*

# FINANCIAL TIMES SURVEY

Friday October 30 1981

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# Management Buy-outs

**WHO BOUGHT WHOM**

A Selection of the 1980-81 Buy-outs

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Buying control of a company is a bold step for a manager, but during the last few years large numbers of small and medium sized concerns have been taken over by the people who run them. This survey is a guide for those who are contemplating the same path.

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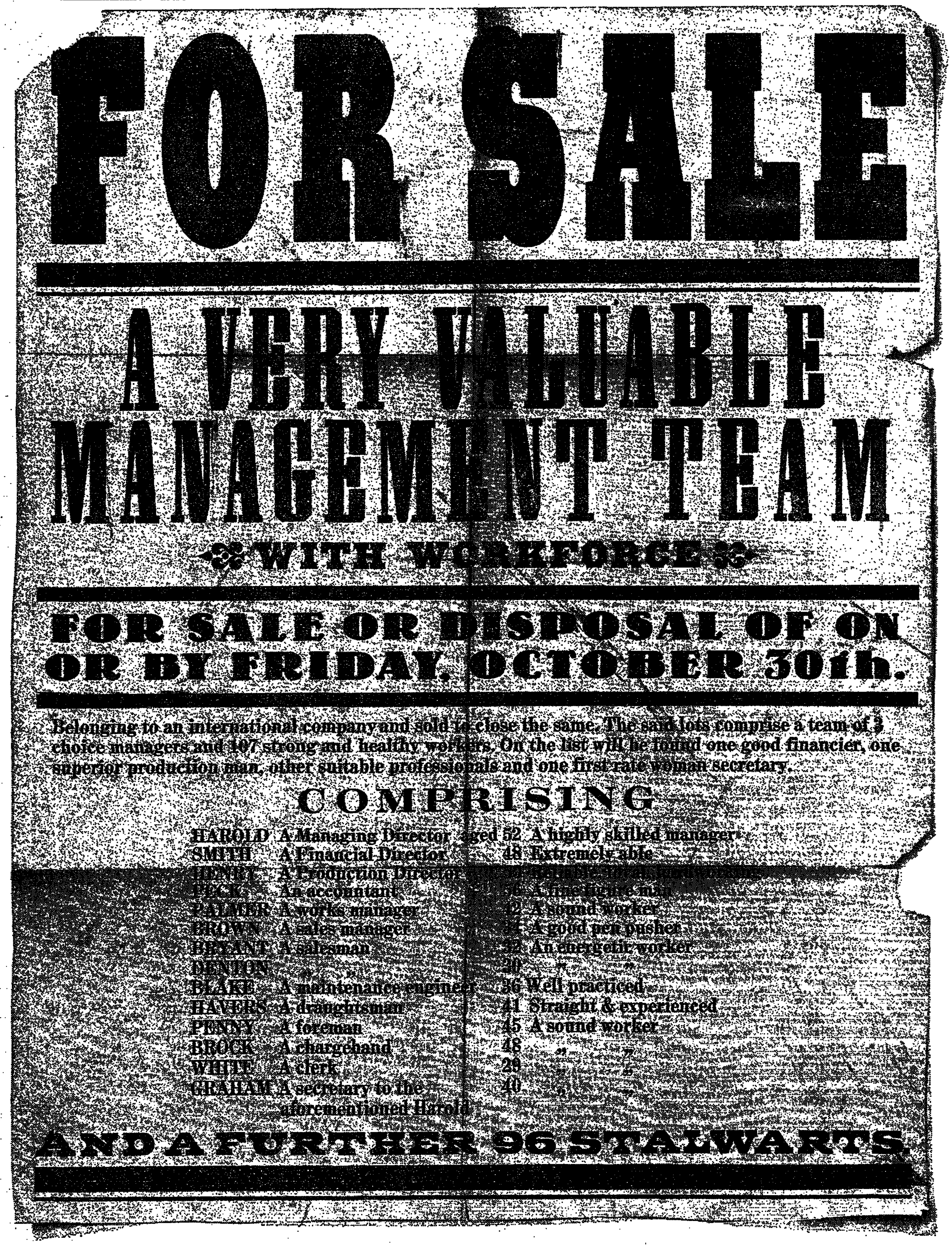

**It used to be called slavery. Today it's called rationalisation.**

Rationalisation can seem pretty irrational.

Especially when you're on the receiving end.

Suddenly you can find yourself, your fellow directors and the company you've all worked hard for, up for grabs.

The "For Sale" notice can be hoisted for more than one reason.

A popular one being that you're profitable. Your parent company is going through a sticky patch and needs the cash.

Or maybe you no longer fit in with the "Grand Plan."

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So why not come and give ICFC the once-over, instead?

Not only have we pioneered 'management buy-outs', we have completed more than everyone else put together. Generally providing the lion's share of funds needed.

But money is not all we provide.

Experience and help are our other credentials.

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But more so, we won't even seek a seat on the board.

All we ask is a commercial return on the money we invest and a minority stake in your equity.

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**ICFC**

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Richard Lambert looks at the vogue in incentive financing and the qualities and the considerations necessary for a successful buy-out

# How to prove the courage of your convictions

IN THE PAST two or three years, the managers of several hundred small and medium-sized businesses have taken a bold and far-reaching step. For a host of different reasons and in a variety of ways, they have acquired a big shareholding in the company which they run.

Management buy-outs or incentive financings, as they are sometimes called, have become the vogue in corporate finance. All the clearing banks are involved, and specialised institutions have been set up to do nothing else. The merchant banks, which 10 years ago were encouraging the urge to merge in British industry, are now preaching the virtues of independence and de-conglomeration.

Put simply, a management buy-out is a transaction whereby the executive managers of a business join with financial institutions to buy that business from its present owners. The institutions put up most of the money in the form of debt and preferred capital, and are content to take a comparatively small part of the equity. The managers put all the money which they can raise into equity.

This means that for a relatively small part of the total consideration — often under 20 per cent — they are left with a large shareholding in the company. Often they have control. The risks and rewards which come with the ownership of equity capital are concentrated in their hands.

The hope is that this will produce a new entrepreneurial spirit in running the business. Many managers of subsidiary companies reckon that head office charges too much for its services, and that given a free hand, they could make things hum a little. A management buy-out gives them the chance to show how.

There are three main reasons for the growing popularity of this type of transaction. One is the recession, which has forced large holding companies to re-examine their portfolio of businesses and concentrate their resources on mainstream activities. Those which do not fit into their long-term plans may be sold to a third party — or to its managers.

High interest rates make a cash sale attractive. Buy-outs are invariably for cash, whereas an outsider may prefer to offer some kind of paper — if he is interested at all in the present gloomy climate.

For their part, the managers will probably feel that interest rates over the long term are more likely to fall than rise from present levels. If their business projections suggest that they can survive for the next couple of years, they may be forgiven for feeling that they can survive anything.

## Potential snares

A second reason for the trend is that it has been actively encouraged by the Government. Company and tax legislation has been modified to make it easier to put such deals together. There are still many potential snares, however, and it is important to get good specialist advice when planning such a deal.

A third reason for the growing number of buy-outs is simply that word is getting about that they are possible. Until recently, it would never have occurred to managers that it might be possible for them to take control of business worth, say, £1m or more.

Even if it had, they might understandably have felt nervous about getting involved in a new type of management —becoming number one in the firing line, rather than standing behind the comfortable shelter of head office. But now there is no shortage of people to whom they can turn to seek money and advice. This survey is intended as a preliminary guide to the possibilities.

A business which is a candidate for a management buy-out requires two qualities above all others. The first is sound management.

Its executives are going to have to persuade financiers to build a tower of debt on an unusually narrow base of equity. To do this, they will have to present a thorough commercial assessment of the prospects for their business. They will probably have to make a detailed profits forecast for the following year, and offer outline indications for some years thereafter.

They will have to show that they have the personnel to fill key jobs, or else that they know where to find them. They may have to accept a non-executive director or chairman to monitor their performance.

They must be expected to be grilled on every aspect of their motivation and plans. Job preservation is probably the worst reason for embarking on a buy-out. If a business is not viable, then it cannot make sense to take out a second mortgage to buy it.

In talking to potential backers, the managers' task will be a lot easier if they can point to a successful track record in the shape of profits achieved in past years.

The second key criterion concerns finance. A business which is to be bought out must be capable of producing a steady stream of profits. It must generate sufficient cash flow both to maintain itself in real terms (and perhaps to take advantage of the odd opportunity that might occur) as well as to pay off the heavy load of loan capital which will result from the buy-out transaction.

The managers must be prepared to stretch their own financial resources as far as they possibly can. In the financiers' eyes, this will have the dual benefit of reducing the amount of debt to be serviced and of giving the executives an enormous incentive to do well.

There are no hard and fast rules about how large a proportion of the total purchase price should come from the executives themselves. As a rough guide, the institutions would probably require a lot of convincing before agreeing to put up more than about 90 per cent of the total package.

Buy-outs are by no means restricted to particular sectors of manufacturing industry. The specialist financial groups say they will look at any activity—in the service industries as well as manufacturing—which fulfils their main criteria. But there are a number of business characteristics which, though not essential, will be certainly helpful to a buy-out candidate.

Good-quality fixed assets are a bonus, especially if the reshaped company is going to have a lot of debt. They will improve the degree of security which can be offered to backers (which should in turn reduce the cost of their loans).

A business which has a good spread of products or services is less likely to run into a cash flow problem than one which is more narrowly based. A good market share is a comforting feature, too, because that will make it harder for competitors to knock it into trouble.

## Deeper purse

On the other hand, a high level of research and development spending might suggest an unsettling vulnerability to technological change. Similarly, high spending on advertising might indicate that a competitor with a deeper purse could put it out of business.

Labour relations are obviously an important feature, too. And managers whose plans depend on the success of new products or services will have a much harder time finding backers than those which can point to an established business.

Will buy-outs help the development of the economy as a whole? There have not been enough of them yet to make much difference either way, and the track record in the UK is too short to mean much.

Experience in the U.S. has been longer, and it is generally encouraging. The failure rate seems to have been relatively low, and the transfer of assets from inefficient owners into the direct control of committed managers has brought results.

However, it ways pays to be a little wary about fashionable trends in corporate finance. If too many backers get on to the bandwagon, there is a danger that managers will be encouraged to pay excessive prices to buy control of their business. The difference between a highly geared success story and an undercapitalised lame duck is probably no more than about 6 months' bad trading.

Buy-outs are a healthy and welcome step in correcting the over-concentration of industry—but they do not, by themselves create new wealth. That is up to the managers.

# Legal and taxation pitfalls can trap the unwary

YOU KNOW how to make the product and you are convinced you can sell it at a profit. You can scrape up the money to give you a reasonable stake in the business you want to buy from your employers, but what are the legal and tax obstacles?

A management buy-out on any of the lines you may be considering requires detailed tax and legal planning but the clauses contained in the current Companies Bill should make your life immeasurably easier than hitherto. Nothing is certain until the Bill has been read in the House of Lords and the principal venture capital firms are crossing their fingers until the Statute is enacted, probably sometime next month, but it now seems probable that the provisions of the 1948 Companies Act, Section 54, will be relaxed. A company will be able to buy its own shares and, perhaps more importantly, a private company will be able to give financial assistance to ambitious managers to buy shares in the company.

Since the new clause has not yet been entered on the Statute Book it is worth remembering what Section 54 says.

"It shall not be lawful for a company to give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or any shares in the company or, where the company is a subsidiary company, in its holding company."

## Best option

What the section meant, and still means, is that the new company, formed by the buy-out team, cannot use the assets of the business as security for the loan required as consideration to the vendor. Put another way, you cannot pledge the assets you want to buy.

The best option until now has been to liquidate the business and transfer its assets to a new company, but this carries a big potential capital gains tax liability.

But, in keeping with the help the Government is trying to give small businesses, the Companies (No. 2) Bill contains Clause 41.

Clause 41 will allow private companies to provide financial assistance for the purchase of its shares with one or two provisos. Financial assistance can be authorised provided the company's net assets are not reduced, or if such help does reduce reserves, assistance is provided from distributable profits.

The new clause does not apply to the subsidiary of a publicly quoted company.

Although, if all goes well, the group you want to buy from is able to give some financial assistance, the blithe assumption of all the management experts is that you will borrow very heavily against your personal assets to deliver your own personal stake. It is important therefore to obtain all the available tax reliefs.

To receive relief against the interest you will be paying you will have to meet three criteria. You will have to show that the company you intend to buy out is a qualifying company, a close company and that you have a material interest in it.

### MATERIAL INTEREST

As an individual director, you must have more than 5 per cent of the shares to obtain tax relief on loan interest.

You will need to show that your company will be controlled by no more than five people—that you and not more than four other executives have over half the voting capital.

This is one of the areas which is going to cause problems unless the rules are further amended. The big venture capital organisations, such as Industrial and Commercial Finance Corporation (ICFC), are seeing more and more of what they call "syndicated" buy-outs. For one reason or another, the big lending institutions are willing and able to take on more of the required lending, leaving the entrepreneur with a minimal stake. One £7m syndicated buy-out quoted by ICFC recently left the new managers to find just £175,000. In this case, they could not claim relief since they held less than half the voting capital.

If, as the evidence suggests, the concept of management buy-outs is snowballing, the manager left as a minority in deals of ever increasing size will have to find a more lenient definition of close company status if he, and eventually his large scale backers, are to remain interested.

### QUALIFYING COMPANY

To qualify, a company must be either a trading company, a member of a trading group or derive three quarters of its income from a 51 per cent owned trading subsidiary.

### CAPITAL TRANSFER TAX

Backing your own judgement, you have put everything you own into the business which, inevitably, has become your largest personal asset. CTT can be leavened by spreading your interest among your intended heirs as soon as possible. The onus of CTT can, with forethought, be eased by gifting your assets in plenty of time and the limit of annual transfers has recently been raised.

You will run into the same tax provisions which apply to share incentive schemes if, as often happens, you are able to buy shares in the buy-out company at a discount to market value, or you are able to defer the full purchase price.

The Inland Revenue terms such a discount or deferral as an interest free loan which will be taxed as a benefit in kind. Until the shares are sold or the full market price has been paid, you will pay income tax on the interest you would have paid had the "loan" been interest bearing.

When you come to sell the shares eventually and have not already made up the discount, you will be liable for the full amount of the interest free loan which will all be charged in the year of disposal. Should you sell at above the market value previously agreed with the Inland Revenue, the premium will be charged as income in a single year, and not as capital gains tax rates.

**Ray Maughan**

There are several ways in which a company can be bought out and its equity distributed. Richard Lambert details how three such takeovers were effected

# Different faces of financing

## Company A

HEAD OFFICE is prepared to sell a division for £200,000 to the two managers who run it. The division has net assets of £300,000, including a freehold factory valued at £160,000.

The managers raise £50,000 through second mortgages on their houses. A city institution agrees to put up the rest in return for a minority shareholding and the appointment of a non-executive director with a financial background.

The institution puts up equity capital of £25,000, a preference share subscription of £50,000 and a long term loan of £75,000 secured on the property. An overdraft facility of £30,000 secured by a floating charge debenture is arranged with the local clearing bank to provide for working capital needs.

The managers put their £50,000 into equity — which gives them two thirds of the votes in the company. The balance sheet after the buy-out has been completed would look like this:

| | | |
|---|---|---|
| | | 200s |
| Fixed assets | | 170 |
| Current assets: | | |
| stocks | 120 | |
| debtors | 130 | |
| less | | |
| creditors | 120 | |
| Net current assets | | 39 |
| | | 00 |
| Financed by Share capital: | | |
| ordinary shares | 75 | |
| preference shares | 50 | |
| | | 15 |
| Capital reserves (excess of net assets over purchase consideration) | | 10 |
| | | 25 |
| Long term loan | | 5 |
| | | 30 |

Example taken from "Mon[ey] for Business" published [by] Bank of England and City Communications Centre.

## Company B

THIS IS a much larger proposition than Company A, and the managers decide that it would not be sensible for them to attempt to secure a majority shareholding in the equity. The purchase price is £2.85m, while fees and other expenses will take the total consideration up to £3m.

In this case, the five managers decide that they can between them raise £100,000, and that they will be content initially to take 20 per cent of the ordinary equity. They agree an incentive scheme with their city backers which will take their shareholding up to 25 per cent over a five-year period, provided they meet their target.

To keep the overall level of gearing within limits, the city institutions agree to put in part of their money in the form of preference capital. The package then looks something like this:

| | |
|---|---|
| Bank loan (five years) | £1.5m |
| Redeemable preference shares (6-10 years) | £900,00 |
| 400,000 "A" Ordinary shares (£1.25p) | £500,00 |
| 100,000 "B" Ordinary shares (management) | £100,00 |
| | £3m |

Example quoted by Candove[r] Investments.

## Company C

MANAGERS AND staff of the National Freight Company are currently putting together what would be by far the largest buy-out yet completed in the UK. The Trade Secretary has agreed to privatise the business by selling it to its staff for £53½m.

Such a sum was far too much for a handful of managers to contemplate, and anyway NFC wanted to give all its 26,000 employees a chance to participate in the business.

The top 10 managers have already indicated that they will put up a total of £250,000. The next 100 in the hierarchy are talking in terms of about £7,000 to £8,000 a head, while the 2,000 middle managers have indicated that they could be good for £1,500 to £1,600 per head. Of the rest of the staff, roughly 60 per cent have shown some degree of interest in taking part.

From the start, the initiators of the scheme have made it clear that they will only go ahead if the staff is left in overall control of the business. The precise details have yet to be finalised. The preferred solution, which relies on the passing of the 1981 Companies Bill, might look something like this:

The managers and staff together put up about £4¼m in the form of equity capital. This gives them 82½ per cent of the votes. A group of banks put up the best part of £1m in equity, which leaves them with the other 17½ per cent of the votes. The rest of the money comes in the form of 10-year loan capital, secured on the underlying fixed assets of the business.

In the first two years, only interest is repayed on the loan. Capital payments start thereafter, in annual tranches of £5m rising to £6m towards the end of the 10-year period. The loan brings with it various covenants, requiring among other things certain relationships to be maintained between bank borrowing and net assets plus a minimum level of interest cover in the early stages rising to cover of 2 in 1982-83.

The banks also provide a working capital facility of £30m of which NFC only expects to draw down a relatively small amount. Total interest costs, including working capital finance, could be around £11m a year at current rates.

The market for advice has grown rapidly. Duncan Campbell-Smith looks at a dozen leaders

# The right help is vital in preparing the right deal

FIRST CATCH your hare, as the famous recipe has it. Ambitious managers looking to prepare the complicated sort of deal usually associated with management buy-outs should be sure to have a sound business plan fully conceived before knocking on any doors, in the City or elsewhere.

Without a good story, aspiring entrepreneurs are unlikely to win the support of an institution which will stand by them through the first difficult years of independence. Assuming they make the right approach, on the other hand, they will find no shortage of first-rate institutions ready and eager to put a deal together.

The importance of finding the right kind of assistance should not be underestimated. Buy-outs can require a degree of expertise not always available from all of the institutions now shopping around the market—perhaps as many as 25, according to one leading participant. Some have only become interested in the last year or so.

"We know of three Edinburgh investment trusts who offered a company's management £1½m for a buy-out the same afternoon they sat down together for the first time," said a director of one of the clearing bank's subsidiaries. "Two months later, the managers discovered from the Inland Revenue that they had embarked upon a scheme constituting illegal tax evasion."

The general consensus of the marketplace is that there are not much more than a dozen bona fide buy-out specialists. There are even fewer if the field is narrowed to only those who handle buy-outs which leave managements with a majority of the equity. But this would exclude a few notable participants who concentrate on deals—referred to by some as "incentive financings" rather than proper buy-outs—which leave a minority stake to the managers and divide the rest of the equity among a number of outside investors.

Adopting the broader definition, the following list of specialised institutions, merchant banks and clearing bank subsidiaries gives a fair impression of the range of available advisers. (Some additional institutions are reviewed elsewhere as providers of funds.)

These deal-makers share many characteristics—not least their conspicuous reluctance in today's market to rule out any hypothetical approach as being beyond their brief. All emphasise the pragmatic nature of their business. Most insist that it predated the present vogue for "buy-outs" by several years. The specialised institutions point to the U.S. precedents with some enthusiasm. The clearers' subsidiaries all stress the useful comprehensiveness of their in-house services.

There are also important differences of attitude between them, not all of them noted here, which should be explored by potential clients at an early stage. For example: how much can the deal-maker assist business planning? Will he involve himself in sale and price negotiations? What management involvement will he seek after the deal? How long will he be happy to keep an equity stake? What sort of financial returns is he seeking? What alternative financial packages can he propose for the buy-out? All of which leaves one question which few will ask and most will hope to see unanswered: what will the deal-maker do if things start to go wrong?

Here is a selection of leading deal-makers and some of their answers:

## Candover Investments

Mr Roger Brooke

THE FIRM has completed six deals since starting up just over a year ago. The only institution set up specifically to handle buy-outs, Candover has close relations with ICFC but is usually only interested in deals over £2m. Management generally retains about 20 per cent of the equity. Candover has invested about £1½m of its original £2m capital and now has plans for a substantial capital increase. Has a powerful group of institutional shareholders plus notable financial and industrial figures on the Board and a widely respected management. Keen on offering incentives to management. Will sometimes negotiate a purchase itself but thereafter does not want to nanny the new team—"We just want to avoid any nasty surprises." Likes buy-outs to be "the less artificial in structure, the better."

Contact: Mr Roger Brooke or Mr Stephen Curran, 01-583 5090.

## ICFC

ICFC has 18 branch offices around the country, is easily the dominant force in the market and still "going like a train." Most deals are under £2m and leave ICFC with a third of the equity at most. Preferred stock invested for a 10-12 per cent income and loan capital, generally provided at a fixed rate, currently about 17 per cent. A strong management team has full in-house resources, years of experience and no hard and fast rules. Often fully involved in purchase talks but leaves post-deal relations to a nominee non-executive director where possible.

Contact: Local area office or Miss Sue Palmer at head office, 01-928 7822.

## Midland Bank Industrial Finance

MBIF HAS a rather distinctive approach in that, like ECI, it lays a heavy emphasis on shareholders' capital rather than debt. "A lot of people in the marketplace get worried when they see high debt ratios. We have some customers who might not have survived at all had we left them with the more normal package." MBIF relies for its return on preferred stock dividends rather than pre-tax interest charges and this, it says, affects its general attitude. It stays close to the new company after the deal and provides non-executive help to the board "which has invariably played a useful part."

Contact: Mr David Hutchings (01)-638 8861.

## Guidehouse

SET UP in August 1980 by David Michaels, Guidehouse sees itself "as a mini-merchant bank." It acts primarily as a financial adviser in a number of situations, including buy-outs. It does not make any investment itself and generally aims to find outside investors who will leave management with 20-49 per cent of the equity. Most clients are in the £100,000 to £350,000 range of annual profits. Mr Michaels has assembled a team of executives with acknowledged small businesses expertise. He stresses their independent role—"we act always and only for the management who are doing the deal"—and aptitude for the buy-out which might benefit from a sophisticated variant of the normal structures.

Contact: Mr David Michaels (01) 606 0088.

## Charterhouse

THIS MERCHANT Bank sees buy-outs as a natural extension of its traditional direct investment business. Limited to date to deals leaving management with minority of equity and has committed about £5m. Strong financial resources — might invest up to £2m in an attractive minority holding alongside other institutions. Looks for a net discounted profit of about 15 per cent at least over life of investment. Take arms length approach to both negotiations of deal and subsequent management but has wide experience in investment management to assist where necessary.

Contact: Mr J. E. Bowman (01) 606 7070.

## SUMIT

SUMIT WAS set up in December 1979 by 11 institutional investors as an alternative to ICFC in the Midlands. Has arranged two deals in Birmingham and stresses the advantages of its provincial base there. Has some financial muscle but is a shoe-string operation run by Mr Ran Meinertzhagen. "We can call on whatever resources we need—but we can also move very quickly without reference to strings of other people."

Contact: Mr Ran Meinertzhagen or Mr Nicholas Talbot Rice, (021) 236 5801.

## Gresham Trust

GRESHAM HAS completed four buy-outs in the past month. It looks to invest up to £400,000 of its own in share capital, seeking a good basic income "and the prospect of an increased flow as profits grow." Requires the right to board representation, which it takes on a non-executive basis.

Contact: Mr Michael Carr (01) 606 6474.

## Pegasus Holdings

PEGASUS IS the new development capital subsidiary launched by Lloyds Bank on September 15. It seems likely to establish a significant place in the market drawing on the resources of the group's Business Advisory Services which have already won Lloyds a strong presence elsewhere in the small businesses sector.

Contract: Mr Bob Hamilton (01)-626 1500.

## Barclays Development Capital

BDCL HAS invested about £6m in 13 buy-outs since starting up in mid-1979. Barclays Development Capital has a nine-man team, all of whom worked in industry before donning their bankers' hats. Expects fully to assist management in assessing the potential of the target business and to contribute to its subsequent development, not least by providing "an independent sounding board." Looks hard for genuine entrepreneurial commitment and not just "the continuing employee mentality." Management's personal capital commitment seen as an important self-screening process. BDCL identifies the banker's key skill largely with the task of minimising capital servicing costs in a company's early years. Has worked closely with its parent, Barclays Merchant Bank, in assembling the National Freight Company £53.5m staff buy-out.

Contact: Mr Michael Cumming or Mr Graham J. Williams (01) 623 4321.

## County Bank

COUNTY BANK is the National Westminster group's merchant bank and has already completed 15 buy-outs this year. Like all the other clearers, it emphasises "the enormous forward momentum" to be gained by keeping all aspects of one deal under one roof where possible. Wants to see "a successful track record or a convincing explanation of past failures." Majority of its buy-outs have been for manufacturing companies, but service companies could also be attractive. Generally leaves 75 per cent or more of equity with managers. "We probably take less equity than most of our competitors—but we have as many or more ways of channelling in as much money as is needed."

Contact: Mr Andrew Davison or any Finance Division director (01) 638 6000.

## Equity Capital for Industry

UNDER Mr Tony Lorenz, ECI, another recent entry, has instigated four deals in the last six months. In a syndicate of investors it likes to be the largest. (It put £1m into the Ansaphone buy-out). Generally seeks to avoid high gearing "which can exhaust a young company's borrowing capacity." Concentrates on shares structure, therefore, and likes to see management retain the largest stake if not the majority. Thinks the market should be wary of two pitfalls: "First, where management has pursued the deal not out of entrepreneurial boldness but a fear of losing its jobs. Second, where the fashion has led some supporting institutions to pay too much up front, leaving the new company with insupportable servicing costs."

Contact: Mr Tony Lorenz, 01-606 8518.

## Citicorp Development Capital

CDC WAS set up in July 1980 when the Citibank group decided to try repeating in the UK its lucrative experience over a decade of "leveraged buy-outs" in the U.S. None of the four British deals so far completed can bear comparison with a buy-out of three Coca Cola bottling plants worth $600m—but CDC sees plenty of future business from the UK buy-outs. It aims to take up to about a third of the equity and will provide other funds through preferred stock and subordinated floating rate medium term loans, generally with a couple of years grace period in the repayment schedule. To date, managers have typically stood to make a capital gain of about £500,000 each over five years if the company does well. That is CDC's criterion of a "significant" stake for management, which it always requires. "If the company performs, management should get, if not rich, at least comfortably off." Management's equity portion will depend on the size of the deal. CDC generally looks for some non-executive representation on the Board—and has appointed its own people involved in the deal in some cases, including Hornby. Steers clear of property, finance and media companies and those relying solely on a small group of professionals.

Contact: Mr John Moulton, 01-438 1271.

# MANAGEMENT BUY-OUTS IV

Duncan Campbell-Smith looks at the main sources, and how they can be tapped, in a changed climate

## Willing financial backing for viable schemes

IN THE Bank of England's latest "Money For Business" advisory booklet, Mr Gordon Richardson, the Governor, notes in his foreword that "funds are almost always available for good projects"—an observation which applies with particular force in the management buy-out sector.

With the single exception of Guidehouse Limited, all of the principal deal-makers are themselves significant providers of funds. To see how these sources can be tapped, it is worth indicating briefly the alternative buy-out packages generally available.

The simplest model would see the deal-maker leaving the management with a majority of the equity in the purchased business while providing enough capital via a minority of the ordinary shares and a substantial preferred stock subscription to meet the purchase price of the buy-out.

In practice, this approach is rarely taken. It could be appropriate only in relatively small deals involving a deal-maker predisposed, like Midland Bank Industrial Finance, to accept a heavy shareholder commitment.

The various stages of elaborating on this model might be summarised (without too great an emphasis upon the suggested sequence) as follows:

- Dealmaker (Trust Ltd.) provides loan capital in some form—a term loan, debenture or occasionally subordinated debt, for example—in place of some part of the preferred stock.
- Trust Ltd. leaves some part of the total purchase price to be accounted for by the management's existing clearing bank relations, probably via straight overdraft facilities but possibly including term debt or additional services like factoring or sale-and-leaseback.
- Trust Ltd. invites another institutional investor to contribute to one or more layers of the capitalisation in return for a share of the minority equity position.
- Trust Ltd., judging the purchase price to be more than it wishes to commit to the deal even after gaining clearing bank assistance, invites a small group of institutions to join it in an investors' syndicate—each of them taking an equity stake which will almost invariably imply leaving management with a minority of the ordinary shares (though still, usually, the largest single position).

Such a bald outline by no means exhausts the sources of finance which can be accessible. Another category, for example, includes the help sometimes available from the vendor company, perhaps in the form of deferred purchase conditions or a renewal of former inter-company debts.

### Sources

But the outline does point to the main sources, aside from the dealmakers themselves, as being the clearing banks and a range of institutional investors—the latter stretching from special development capital organisations like Electra Investment Trust Ltd to major funds such as the National Coal Board and British Rail pension funds.

All of the major clearers are keen to express their support for the buy-out concept. Where this has led to the appearance of their own development capital subsidiaries, some observers take a sceptical view and suggest that the quest for political plaudits is an important motive. This seems rather harsh.

But in extending a sympathetic ear to managers seeking buy-out assistance, the clearers have anyway played a conspicuous part in launching the idea's current popularity.

"It has a lot to do with general business attitudes in this country at the moment," says Mr David Trenbarth, chief advances manager at National Westminster. Lloyds Bank too believes its regional network particularly suited to the new trend. According to Mr John Kirkwood, the Small Businesses Finance Adviser to the group, its Business Advisory Service can effectively integrate merchant banking skills with the more usual commercial facilities of the provincial branches.

Where a dealmaker wishes to invite other investors into a buy-out, close institutional relations are at a premium and are already very evident among a number of the specialised bodies such as ICFC and ECI. Candover has the peculiar advantage in this respect of being able to call on any of the seven major UK investment institutions which are its shareholders.

A leading shareholder, with a 40 per cent stake in Candover, is Electra Investment Trust. It has now invested £8m in eight buy-outs in the UK (and rather more in the U.S.): four of them involving participation with Candover. "We do turn down deals that don't suit our book," explains managing director Mr Michael Stoddart. "But we are very close to Candover and have established an excellent working relationship."

An institutional marketplace for widely syndicated buy-outs is a rapid development of hardly more than the last year or so. Its momentum is such that few if any eligible institutional investors wish to be thought outside it. Some of the participants carry a particular weight, not just as financial heavyweights but as investors with some experience of direct investment to draw upon.

British Rail's pension fund, for example, has accumulated a large number of direct investments over the last few years. It did its first management buy-out in 1975—"after all the fashionable talk, it's really an old hat concept" says manager Mr John McLachlan.

The BR fund has done three with Candover and one with Charterhouse. It likes to have at least one other outside investor involved, though how much equity is left to the management can depend on the circumstances. Its own investment will vary between £250,000 and £1m and it has a sharp eye on the returns.

"When I can get 16 per cent yields on alternative investments just in the gilts market," as Mr McLachlan points out, "the opportunity costs of a slow return from a buy-out have to be heavy." The fund, like a number of others in the market, is not interested in finance or property companies—nor is it much attracted by "anything to do with metal bashing in West Midlands scrap-yards."

### Diverse

This latter point is also made by, among others, Mr Jim Finlay at Prudential Pensions. "The Pru invests in a very diverse range of companies," he says, "but manufacturing companies probably need to have some special features in order to be attractive."

The Pru is a recent addition to the market, but has already invested £2m, half of it in five deals with Candover. (It is another Candover shareholder.) It would regard £100,000 as a minimum investment and most have been around £250,000 in exchange for less than 30 per cent of the equity. To date it has only participated in deals brought to it by others—but it has an open mind about doing in-house deals in future.

By contrast, the National Coal Board's pension fund has itself acted as the dealmaker in four of the eight buy-outs in which it has invested since early 1978. The trustees are now allocating 15 per cent, about £40-45m, of the fund's annual cash flow to an industrial finance branch for this kind of activity. Buy-out equity positions are held for the Board by its investments vehicle, CIN Industrial Investments.

Mr Lionel Anthony, Deputy Director General of the NCB's pension fund, stresses its flexibility and willingness to build a package to suit a management's exact requirements. He also emphasises the importance of incentives. "Management must be left with a chance to get overall equity control even if they don't have it at the outset," he says.

That is not a view shared by every prospective investor in this field—but it is appropriate enough, pointing up the essence of a new vogue which all believe will remain conspicuous for some years to come.

## Best solution to save a profitable company


*Bryan Allman: company's products depend on the relationship with distributors*

SOME corporate marriages are bad from the start. Executives of Gower Furniture, the do-it-yourself kitchen cabinet maker, were bickering with their counterparts at PMA Holdings almost immediately after being taken over by PMA in May 1979 for £5.2m.

Little more than a year later, the once fast-growing PMA was suffering from a serious liquidity squeeze and Gower, although successful, was being suffocated by it.

There was no obvious solution. On the one hand, PMA did not want to part with a profitable operation: on the other few furniture companies which might have been interested in buying Gower were flush with cash.

Ultimately, both sides were driven to a management buy-out—PMA, because it was a way of getting an all-cash settlement, and the Gower executives because they saw it as the only way to save their company.

All this was a long way from the heady spring of 1979 when Mr Malcolm Meredith had turned PMA round from losses in the year to March 1976 to a profit of £402,000 in 1978-79.

The acquisition of Gower from its retiring founder, Mr Philip Gower, would almost double the size of the company and provide further opportunity for profit growth, it was argued.

Although the acquisition seriously stretched the balance sheet, Mr Meredith went one further in June 1979 and bought Harris Lebus, an upholstery furniture maker which was losing £100,000 a month.

Mr Meredith said that he could turn around Lebus in the same way as PMA but in retrospect he has admitted that, with a recession on the horizon, his timing could not have been worse.

Mr Bryan Allman, managing director of Gower, puts it more strongly. "For a company that has just swallowed an elephant, to take on a wounded rhinoceros was pure folly."

From the start, the Gower executives did not get on well with their PMA counterparts. PMA wanted to distribute the kitchen furniture in furniture stores but Gower felt this was a waste of time. People went to do-it-yourself stores or kitchen specialists for these lines, they argued.

"They resented going to the High Streets because it was difficult," Mr C. C. Engwell, managing director of PMA, said. "In fact, we made some progress but they never believed in it."

PMA wanted to cut Gower's large stocks but Gower argued that unlike furniture, customers expected fast deliveries of kitchen cabinetry, so balanced stocks had to be maintained. "We could not see that they needed all that stock," Mr Engwell said.

When PMA's cash squeeze hit, Gower's own credit rating began to suffer. By October 1980, the Gower executives decided to organise a withdrawal from PMA and sought out Mr Allman, a co-founder of the company, who had sold out his small shareholding in 1979 with Mr Gower to lead it.

"We went along to PMA and told them they were asking too high a price, and that something had to happen soon or there would be no management left, because there would be no future for them," Mr Allman said.

By coincidence, a firm of stockbrokers close to PMA had just suggested that it should approach Candover Investments on the possibility of organising a management buy-out. PMA was receptive. "We introduced them to Candover," Mr Engwell said. For its part, Candover quickly decided that Gower had a management team which it was prepared to back and the Gower executives decided they could do it.

**PROFILE: GOWER FURNITURE**

**IAN RODGER**

The negotiation of terms was fairly simple, with Gower agreeing to pay about book value, £2.85m, for the assets plus a £0.8m dividend to retire a loan made to PMA. PMA also sold the freehold of the Gower factory for £1.9m and Gower took a new 34-year underlease on it.

PMA did not quibble over price at the last moment, although there were some difficult exchanges on the signing day over office space in the Gower building in Halifax remaining available to PMA.

Mr Allman admits that the executives might have got a better price for Gower if they had waited to the bitter end. "But we have the sort of products that depend on an ongoing relationship with distributors. If the word receiver had been heard, they would have dropped our lines."

The real headache was finding financial backers. Institutions had been having a hard time with furniture company shares and had the problems of Moben, another kitchen cabinet manufacturer, fresh in their minds. However, a package was finally put together of £100,000 in non-participating £1 "A" ordinary shares for the five executives, £400,000 in £1 "B" ordinary shares and £1.1m in 12 per cent redeemable preference shares for the institutions and £1.4m in a term bank loan.

The participating institutions are Candover, Electra Investment Trust, British Rail Pension Fund, Gresham Trust, Industrial and Commercial Finance Corporation, Lazards Invests and the Prudential Assurance.

Depending on performance, the executive directors, who all have equal £20,000 stakes, have the right to buy 100,000 "B" ordinary shares from the institutions, raising their stake ultimately to 25 per cent. Furthermore, once the preference shares are redeemed, dividends can be paid on the "A" shares.

"The risk-reward ratio is very good," Mr Roger Brooke, chief executive of Candover, said. "If the bank loan is repaid and the preference shares redeemed, the institutions will have most of their money back and still have 75 per cent of a company which would then be worth £5m or £6m."

Although trading is still depressed, Mr Allman is convinced that Gower will prosper. Since the deal was completed last March, turnover has been maintained and profits for the six months to September are about level with the previous year. Orders taken in the first week of October were a record £600,000.

## Success off the shelf


*"Pandit" Panditharatna and Walter Gibbon: quantum improvement in quality*

NEXT TIME you travel on the London Underground, glance at the unit which joins the carriages together. By the standards of space age travel, it is not particularly complicated or advanced. But it has to be strong and flexible enough to pull a train, and its electrical contacts have to transmit signals ranging from a command to open all the doors to an emergency stop.

The unit sells for about £2,500. For 20 years, London Transport has been ordering about 100 a year from the same (and the sole British) supplier. If you were setting yourself up in small business, the London Transport coupler contract would be the kind of solid, dependable base that you would dream about.

Two years ago, this is precisely what happened to Mr Walter Gibbon and Mr "Pandit" Panditharatna when they bought an off-the-shelf company called Radenton and started in business on a new industrial estate in Hayes, Middlesex. They took with them the London Transport coupler contract from British Leyland, where they both worked, and set themselves up as general metal machinists willing to take on almost any precision engineering job.

In their first year, they had sales of £350,000, in their second, nearly £550,000. In the current year they are budgeting for sales of £700,000 and for reasons that will become clear later, this year's turnover will include virtually nothing from the London Transport coupler contract.

The coupler contract was salvaged from the wreckage of British Leyland's AEC truck and bus plant at Southall, Middlesex. It is a strange story, made all the stranger by the fact that Mr Gibbon, a quiet, reserved man, had never seen himself as an entrepreneur, and received no encouragement to become one from his British Leyland employers. He was apprenticed to AEC in 1946, and for the next 30 years, worked his way up the production management ladder.

In 1977, he was moved by Leyland from Bristol back to his original base at AEC as production director. It did not take him long to realise that the job was that of an undertaker: AEC Southall was not viable, and he had to shut it.

In one small corner of the Southall plant were six men and three machines producing the London Transport coupler. What to do with them? AEC had held the contract since 1960: it had recently won a new three-year, £500,000 order for 300 couplers. The six men were proud of their work, but amid all the trucks and buses and engines, they were in danger of being forgotten.

Mr Gibbon and Mr Pandit, a Sinhalese cost and management accountant working in AEC's finance department, clubbed together and asked Leyland to let them buy out contract, men and machines. The reaction from Leyland and London Transport ranged between super-cautious and stony. Leyland was by no means sure of the ethics of standing back and watching their production director walk off with a corner of the plant. London Transport was concerned about guarantees of supply.

**PROFILE: RADENTON**

**DAVID PALMER**

Leyland went through the motions of offering the contract to three other plants—two within the company and one outside. None wanted it. It took five months from the time that Mr Gibbon first made his buy-out proposal to the time that Leyland and London Transport accepted the plan in principle. But LT made it a condition that their contract would continue to be with Leyland. Mr Gibbon was to be Leyland's sub-contractor, and Leyland was to carry the can if the plans fell apart.

That was in April 1979. AEC closed in June, and Mr Gibbon and Mr Pandit had a corporate plan, a product but no premises. Mr Gibbon found that none of the big insurance companies and pension funds wanted to rent them premises—he represented too high a risk. The key that unlocked that door was Industrial and Commercial Finance Corporation (ICFC), to whom Mr Gibbon and Mr Pandit were introduced in May. "ICFC was our passport to credibility," Mr Gibbon says.

In July 1979, machines and men were transferred one and a half miles down the road from Southall to Hayes. By the second week in August, production had started in Hayes. Mr Gibbon had taken not only the LT contract with him, but also a subsidiary deal for making truck parts for Scammell, another BL subsidiary. Not one of the men who transferred from AEC to Radenton has since left the company.

Mr Gibbon's main problem in launching his buy-out was to break down a series of credibility barriers at a time when his work was cut out closing down the Southall plant. By contrast, the financing of Radenton was relatively straightforward.

Mr Gibbon and Mr Pandit put in £25,000 redundancy money in share and loan capital (with Mr Gibbon controlling more than 80 per cent of the issued shares). Mr Gibbon organised a £25,000 bank facility on the security of his house, and ICFC put in £75,000 repayable over 10 years at 14 per cent.

Mr Gibbon bought all his machines off Leyland on a two-year hire purchase agreement for £120,000. He will be formally handing over the last £1 of that loan in the next few weeks. Since start-up Mr Gibbon and Mr Pandit have spent an additional £250,000 on three new CNC machines.

Profits in their first year were £38,000, in their second £47,000. The London Transport contract was completed "on time, with a quantum improvement in quality." Now they have a 12-month gap before the next London Transport coupler contract starts to flow through the plant. But this time the contract is a direct one between Radenton and LT. The British Leyland connection is over—at least formally.

But after 30 years in production management, it is Mr Gibbon's contacts in the vehicle business and his knowledge of the kinds of parts which cause the big companies problems that are providing Radenton with its increasing turnover. "Wally's got contacts, a lot of contacts, up and down the country," says Mr Pandit, explaining how and where they are finding their new orders—one for brake bands for London Transport and one for the hoist unit on a tank recovery vehicle.

Radenton today is a classic example of the flea that hops around the elephant's hide and never gets caught. With 21 men working on the shop floor and just five staff, it is small, flexible and able to concentrate on quality.

On the shop floor, there are no demarcation lines and there have been no demarcation disputes. Mr Gibbon points proudly to a new CNC turning machine: "We had it going in three days. At British Leyland, it would have taken two months." The workforce is well paid—gross pay including overtime of between £150 and £170 a week—and fringe benefits include a contributory pension scheme. Mr Gibbon and Mr Pandit have taken nothing out of the company except salaries which are at about the level that Leyland would be paying them if they were still there.

Even in the depths of the recession, they have found a series of little niches where their size and flexibility enable them to compete with the big suppliers on quality and service, and where necessary, undercut them on price.

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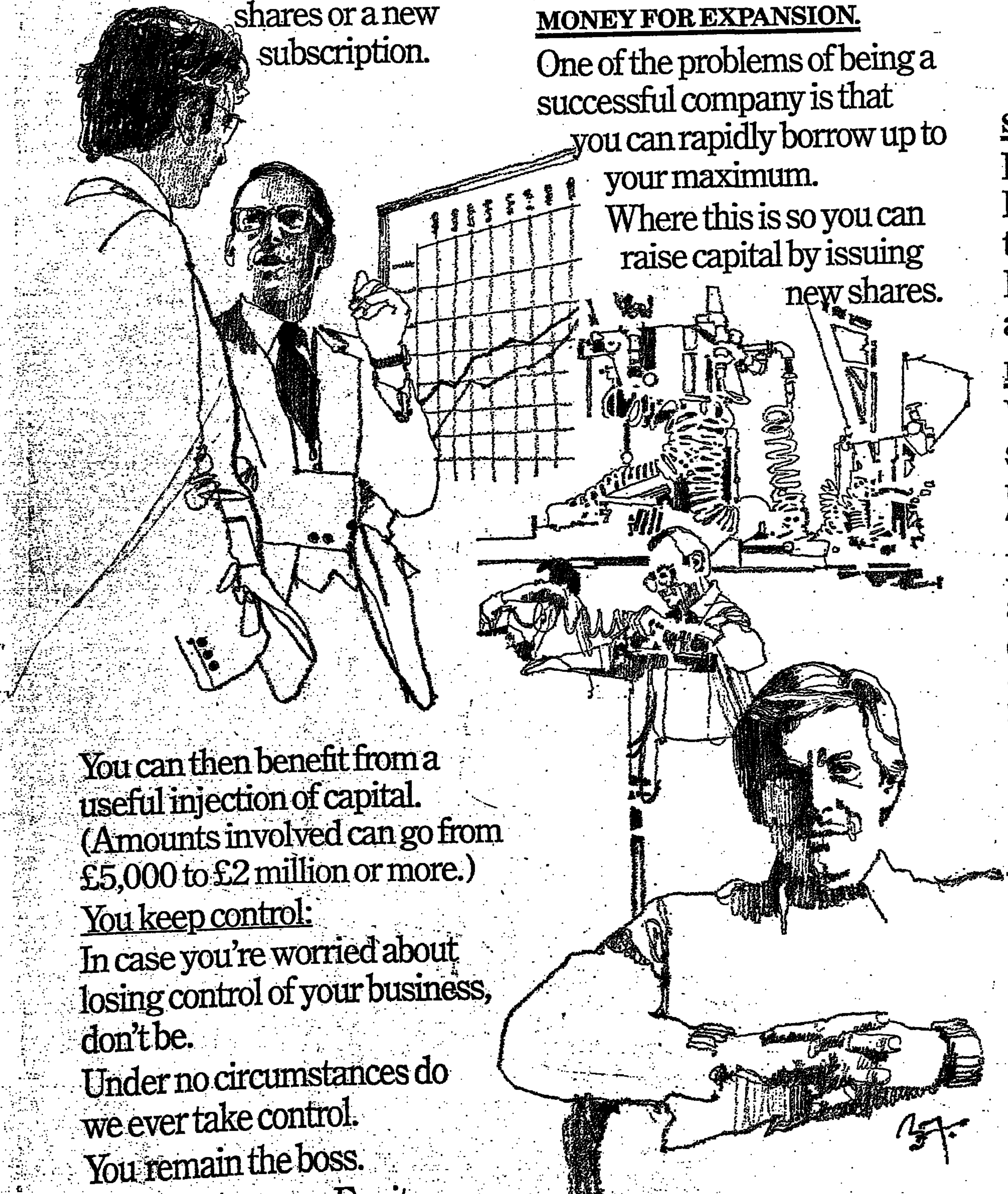

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# MANAGEMENT BUY-OUTS VI

Worker involvement is reaching a new level with many putting their redundancy money towards rescuing a company. John Elliott reports

# When the employees finance a business

THE BOOM in management buy-outs has provided a fresh opportunity for businesses to develop ways of involving employees in their places of work. Because the managers taking the companies over have usually been employees occupying staff positions, they often have a more enlightened view of workers involvement than the previous owners.

There is evidence that buy-outs have better employee relations, although it is too early to say whether this is mainly caused by employees' own attitudes being changed by the fear of redundancy. In addition, buy-outs are usually small in scale and thus do not often have the labour problems of bigger companies.

But some buy-outs have gone further in the past year than merely generating better labour relations. They have involved employees in financing the business, so introducing an unusual form of ownership which goes beyond traditional profit-sharing and share-ownership schemes but stops short of being a worker co-operative.

The biggest example is the proposed purchase of the National Freight Company from the Government. This is expected to involve more than 2,000 managers and as many as 15,000 employees taking stakes from £25,000 for most people at the top to a minimum of £100.

But there are several much smaller ventures with similar ideas. Often they involve employees deciding to use their redundancy pay to help one or two of their managers to buy a company which is about to close. In some cases they thought of setting up a co-operative, but decided that it would be easier both to manage the business and to find financial backers if they stick to the more widely accepted limited company form of association, instead of venturing out into the more controversial and less understood area of co-ops.

The employees' stake is not usually very large in relation to the total business, but the managers involved say that it is important because it demonstrates to potential backers that the workers are committed to the success of the venture.

## Attracting backers

The 55 former employees of *A and H Upholstery*, of Leeds, have loaned all their redundancy pay totalling £61,000 interest-free for five years to *Panache Upholstery*, a new company set up by Mr Bob Wilkins, formerly A and H's accountant and sales director. Mr Wilkins is managing director of Panache, which received £190,000 from the Industrial and Commercial Finance Corporation and is now making a profit.

A co-op was considered but was rejected for three main reasons. The workers' families only wanted them to lend their redundancy pay, not invest it in equity (although they still have an option to convert to equity if they wish). Wilkins was worried whether a co-op would attract backers, and in any case he had put £10,000 of his own money (now raised to £17,500) to start the venture. So he had a much larger stake than the others who have lent up to £2,500. (A further complication for a co-op would have been a rule that new employees are not asked to invest in the business.)

The employees elect a non-executive director to a four-man Board. They are fully unionised but have not yet had a conflict of interest between their roles as investors and trade unionists.

In another example, 15 former employees of a U.S.-owned computer company invested more than £20,000 in loans and equity to help their boss, Mr Rick Goold, buy the business. Mr Goold put £10,000 into the new company, *Computer Special Systems*, of Nottingham, and two other executive directors invested about £4,000 each. The ICFC provided £50,000 and the business is exceeding profit forecasts.

In the North-East, there are two further examples of employees using their redundancy pay to save small businesses. (These cases also illustrate how various agencies and institutions are clubbing together to help new ventures. Both had feasibility studies paid for by BSC Industry and were helped with loans from the Department of Industry, overdrafts from Barclays Bank, and further funding from ICFC.)

*Peterlee Wallpaper's* 20 employees prepared alternative production strategies to save their business when it was owned by *Berger*. They put up redundancy pay and other savings totalling £45,000 as equity to buy the business when closure was inevitable. They thought of becoming a co-op but decided against it both for managerial and finance-raising reasons and now function as an ordinary limited company.

They elected three specialist managers to be directors and hired Mr Tom Garratt, who had left the business four years earlier, to return as managing director. At ICFC's suggestion, they have hired an outside non-executive chairman to boost their business experience.

The union involved, the National Graphical Association, has taken a back seat. Because this is an employee buy-out rather than a management buy-out, new employees are invited, but not compelled, to invest in the company.

In Hartlepool, 11 shopfloor workers, managers, and foremen have invested a total of £40,000 to buy a laboratory furniture factory which their previous employer, *Elliott of Peterborough*, wanted to move to Kent.

They did this partly in response to demands from customers who did not want to see the skilled work team broken up. They hope to double the workforce from its present total of 17 and are considering whether to invite new employees to invest in the business.

## Special influence

But the most dramatic example so far is *National Freight*. Its plans involve four main groups of management employee investors. At the top is Mr Peter Thompson, chief executive and deputy chairman of the existing company, who may invest £40,000, and 10 other senior executives scheduled for £25,000 each.

The next senior 100 managers, who run the company's 65 operating subsidiaries, have agreed to provide between £7,000 and £8,000 each, with 2,000 other managers investing £1,800 each. Sums averaging £200 each (with a minimum of £100) are expected from between 50 per cent and 60 per cent of the 24,000 other employees.

This means that the managers and employees may together subscribe well over *half the equity* and control the company.

As in the smaller buy-outs, they will not have any special influence on the company's affairs beyond the usual voting rights of individual shareholders, and their established consultation and negotiating systems as workers. But the general secretary of one of the company's four unions may be invited onto the board as a non-executive director.

Mr Thompson and his fellow senior managers stress that the buy-out is not a co-op because it will be managed on traditional lines, without direct worker involvement in daily decision-making. (It remains to be seen whether the unions try later to organise some direct form of collective representation, of their member-shareholders, either on the board or through mass proxy votes at company meetings. There is no sign of any such interest at present.)

But Mr Thompson knows, and indeed seems to welcome the need for the directors to be "much more sensitive" to the needs of the shareholder-workforce, to whom they will be answerable. This fits the company's participative style: "An authoritarian management could not contemplate being answerable to thousands of shareholders who were also their subordinates at work," he says.

Before anyone assumes that such an exercise could be *mounted easily in a lot of large* corporations, it must be stressed that the NFC is not a typical state-owned or large company. It is based on 700 profit centres in 65 subsidiaries scattered round the country, each giving a considerable degree of local employee involvement.

"The drivers and fitters, through a comprehensive consultative system, know the importance of profit to survival in an industry where we only have 7 per cent of the market," Mr Thompson said. "And they are used to a very clear-cut relationship between performance and wages because as much as 25 per cent of an individual's take-home pay can depend on his personal performance."

## Lines of conflict

He believes that, having extended worker participation in the past three years, it is a relatively small step to explain to the workforce that, if they invested, they could share in both profit increases through dividends and the increased capital wealth of the business.

Until now the unions have been generally ambivalent about the buy-out, mainly because they do not want to see the business denationalised. They are also traditionally opposed to union members owning shares in their own companies because of the fear that the lines of conflict between capital and labour might be blurred, and because the worker is staking his livelihood and his savings in the same business.

The Transport and General Workers' Union initially welcomed the buy-out proposal because it would have stopped the business being split up (and thus could be more easily renationalised by a future Labour Government). It then changed tack and, while not telling its members to boycott the exercise, said the venture was against union policy. It also warned its members of the risks of losing their investments in any re-nationalisation.

The other three unions—Transport Salaried Staffs, United Road Transport, and National Union of Railwaymen—said the buy-out was probably the best form of denationalisation, even though they were not in favour. The company's national staff council, embracing all the unions, said the same.

Mr Thompson and his fellow directors developed their buy-out to ward off possible unwelcome outside bidders. They then decided they did not want institutions holding most of the shares, as happens in most buy-outs. From that point it was only a small—but visionary—step to try to harness their participative traditions and involve the workers as shareholders.

# The PhD which set Mr Curgenven on a £3m trail

PROFILE: RILEYS

BY NICHOLAS LESLIE

ONE DAY Mr Bob Curgenven may get round to finishing his PhD thesis. For the time being, he is too busy living it.

Mr Curgenven is, to say the least, a man in a hurry. Nine years ago, as a young engineering graduate, he joined Rileys Potato Crisps, a small family-owned company in Scunthorpe. This summer, he and three fellow directors bought the company in a £3m buy-out backed by Barclays Development Capital, Equity Capital for Industry and Prudential Assurance.

In the intervening years, Mr Curgenven was instrumental in expanding RPC from a local company with a £300,000 turnover, £10,000 profits and 40 employees into a group with £25m sales, just under £2m profits and 1,300 employees.

What distinguishes this buy-out from so many are the vendors. Whereas buy-outs are generally associated with big corporations selling off a subsidiary which no longer has any synergy with mainstream activity, with RPC it was the founders who sold the company.

Because of this, there was none of the agonising by management over how, when or even if to approach a parent board with the proposal that they should buy their independence. The two Riley brothers were well aware of Mr Curgenven's ambitions—indeed, they appear to have given him remarkably free rein to indulge them.

Mr Curgenven, now 34, decided on RPC in 1972 as a subject for a PhD thesis in control and engineering. He planned to do the thesis in his third year at Cambridge University, after gaining a first in engineering after two years there. His decision to choose so obscure a company was partly the result of his being distantly related to Mr A. W. and Mr D. P. Riley, who set up RPC just after the Second World War. But instead of completing his PhD, he joined the company full time.

After RPC hit the £1m turnover mark, Mr Curgenven persuaded the Riley brothers to let him take a 25 per cent equity stake. Two years ago, he began to think in terms of buying control.

This was prompted not only by personal ambition but also because he had set up a top management team which he wanted to be as committed as himself. The most tangible evidence of this would be for them to invest in the company's equity, he felt.

He achieved this in part when the Riley brothers made a few shares available a year or so ago and the other three in the top management team—Mr Tim Westbrook, now sales director; Mr Ian Williams, production director, and Mr Tony Pearson, finance director — bought them.

But the stimulus for the buy-out occurred in May when Mr Curgenven read an article in the Financial Times on the buy-out by its management of the UK Ripolin paint company from its French parent. He felt that if they could do it, "so could I."

His next contact, after sounding out Mr Westbrook, Mr Williams and Mr Pearson, was Mr Michael Savory of Foster and Braithwaite, London stockbrokers, whom Mr Curgenven had known for some years. Mr Savory considered the proposition and said it would be possible to fund it.

Mr Curgenven discussed a deal with the Riley brothers and asked them for an eight-week option on their shares—setting a time limit because he was convinced he could meet it and that it would be evidence that he was making a serious offer.

The finance was arranged in just two weeks, with the deal sewn up in just over seven weeks. Each institution put in about £1m, and each owns 10 per cent of the equity. Mr Curgenven owns 60 per cent and the other three directors 10 per cent between them.

The Riley brothers, both in their 50s, clearly saw an opportunity to realise an investment which had grown very rapidly under a young management they had been instrumental in bringing in. They were faced with pursuing the company to greater heights or getting out.

For Mr Curgenven, whose modest comment about the apparent ease with which he got his funding is that "if you can show you have got competent management, you should get your money"—this is really just a beginning.

Having made his mistakes in his dash for growth—"losing fortunes in certain areas" as well as gaining from his successes—he is looking for even further areas of expansion. And he still hopes, sometime, to finish his PhD.

# One man's battle to rescue an ailing textile company

PROFILE: BRITISH FURTEX

BY RHYS DAVID

MR JOHN LAWRENCE'S management buy-out has been different in a number of ways from most of the others which have taken place in recent years. He made his purchase in 1979 before the current wave of enthusiasm was under way. Moreover, he set off on his own, acquiring a company in the unpromising textiles field with a turnover of £2.5m and more than 200 employees, without any partners to spread the risks or to share the agonising.

Mr Lawrence, aged 45, and a former Tootal, ICI, and GUS Manufacturing employee, had been called in during 1976 by the Homfray carpets group to put British Furtex, an ailing subsidiary, back on its feet. The upholstery fabrics company had lost £350,000 in the previous four years.

As managing director, Mr Lawrence had some success in pulling the business around, but with the problems that have since hit the carpet industry looming, it was clear that Homfray would not have the resources or the inclination to inject the funds needed to develop British Furtex.

When it became clear that closure was a strong possibility Mr Lawrence—having secretly cherished for some time the ambition to be a mill owner—persuaded Homfray to let him take its 19th century factory in the West Yorkshire village of Luddenden Foot near Halifax, off its hands.

Two years later, Mr Lawrence has achieved much of what he had in mind, at the expense of much hard work, and heavy debts. His personal assets have all been mortgaged and the company's overdraft with the National Westminster Bank—an organisation which Mr Lawrence describes as more understanding than he could ever have expected — is more than £800,000.

In large measure, this is accounted for by spending of more than £400,000 on new looms and dyeing equipment. Further large sums have gone on developing a range of cloths, enabling the company to move into new markets.

When Homfray sold out, 85 per cent of production was going to wholesalers supplying either small upholsterers engaged in re-covering suites or small furniture manufacturers. This trade was dying fast, Mr Lawrence points out, and today accounts for only one-third of sales.

To replace it, British Furtex has made a big push into transport markets, supplying London Transport, British Rail, Greater Manchester Transport and various other undertakings with the durable cloth used on passenger seats. There has been a move into export markets on the Continent, Scandinavia and in North and South America. Other product lines have also been developed for contract markets in hotels, offices and theatres.

Turnover in the past year has increased by a third to about £4m and this rise is by no means accounted for by inflation. Mr Lawrence says prices have been almost static as a result of recession, and the increase in sales represents a genuine improvement in output and value-added per worker.

The labour force has been held at around 200, with British Furtex contributing only around a dozen in the past year to the tens of thousands of jobs lost in the textile industry. The company has its best order book for years, Mr Lawrence says.

Yet although British Furtex has made progress under its new owner, it is still only trading at break-even and it remains a struggle. Giving the company new life during a recession has proved very difficult, Mr Lawrence says.

"We have experienced a tremendous drain on resources in changing direction, in buying new equipment, and in establishg new markets." Even winning new orders has brought problems, for while the risk in export markets can be covered by the Export Credit Guarantees Department, sales still have to be financed.

The root of the problem is that British Furtex is undercapitalised. "When we went in, the capital we had would only have been right, given continuous growth and the absence of any need for development or investment.

"If we had been generating cash, we would have been all right but we started out just a few months before Mrs Thatcher came to power, and everyone knows what has happened since then," Mr Lawrence said.

The buy-out took place before many of the organisations specialising in aiding such schemes had developed their services, though Mr Lawrence is doubtful if he could have secured a markedly different deal. NatWest provided a £250,000 capital development grant and overdraft facilities at a fixed rate over base rate, taking 20 per cent of the equity, which is lodged with County Bank.

"The newer institutions are not philanthropic and I am not sure the mathematics would have been very different in the end. A buy-out in textiles is always likely to be regarded differently from one in a more popular growth industry," Mr Lawrence observed.

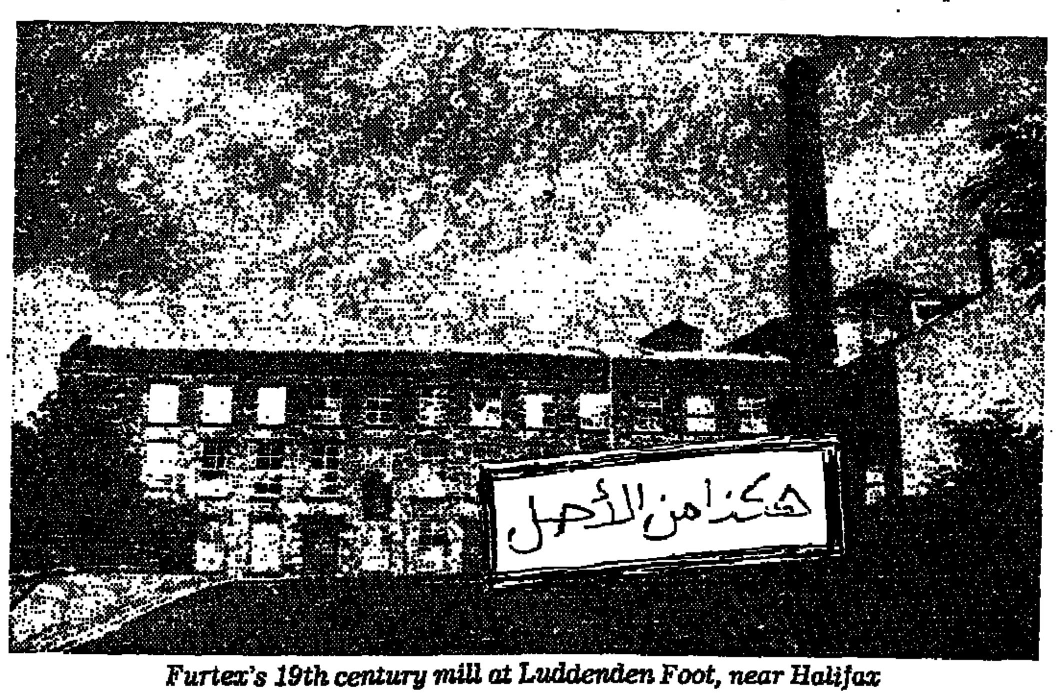
For all these difficulties Mr Lawrence, primarily a textile technician, sees a reasonable future for British Furtex from the products he has been able to introduce, particularly if there is an upturn in overall economic activity.

The re-equipment needed has taken place and further large sums will not have to be spent for some time. Inroads have been made into costs, with energy saving schemes which have cut oil usage by 30 per cent. The company is an interesting investment for any potential partner willing to offer an injection of capital, Mr Lawrence says.

And he would do it again, partly because he feels too many companies and individuals in textiles have taken the easy way out and closed in the face of adversity. His two years as owner have equipped him to offer sage advice to others tempted to embark on buy-outs, whatever the field.

"Try to obtain more capital than you think you will need, and do not depend on any change in the economic climate. Assume it will not get better, so that if it does, that is a bonus. Your best chance of success is if you can make your projections on the basis of a downturn in the economy and still show it is worth doing."

Mr John Lawrence: "Try to obtain more capital than you think you will need"



Furtex's 19th century mill at Luddenden Foot, near Halifax

# Mayfield invests £600,000 on two subsidiaries

MAYFIELD HOLDINGS, a management buy-out company formed earlier this year by three former ICI employees, is to invest a total of £600,000 in two of its subsidiaries.

The company took over one of the Intex yarn processing factories formerly operated by ICI Fibres at Mayfield, Derbyshire, in April this year with generous help from ICI.

As part of an attempt to build a broadly based specialist textile group, the company acquired William Reed, the profitable weaving subsidiary within the Rivington Reed group which collapsed last year, and Century Dyeing, Reed's associated dyehouse.

Mayfield will spend £500,000 on water-jet looms at Reed, which weaves filament fabrics used in linings and other non-fashion applications, with £100,000 going on high pressure beam dyeing machinery at Century. The equipment will give Century a wider variety of fabric types, particularly polyester.

The consortium claims to be trading profitably at the former Intex plant at Mayfield, which is engaged in commission warping for weaving, twisting and sizing. The company's yarns are used mainly in specialist industrial and leisure areas from computer tapes to sailcloth, belts, straps and curtains. The group, which has been backed by County Bank, says it aims to create a group of related modest-sized textile companies.

# Who's bought whom—a selection of 1980/81 buy-outs

| Vendor company/recapitalised company | Managers' approx equity shareholding | Approx. size of deal† | Participating Institutions *indicates syndicate leader(s) | Business activity |
|---|---|---|---|---|
| Charbonnages de France/Jacoa (formerly Ripolin) | 51% (increasing) | £4.75m | Barclays Development Capital | DIY retailer and paint manufacturer |
| Retiring Family Shareholders/Vick Bros (Holdings) | 85% | NA | Barclays Development Capital | Ford main dealer |
| Rockwell International/WKR (formerly Wilmot Breeden Electronics) | 51% | £2m | *Barclays Development Capital *TDC | Manufacture of electronic equipment and components |
| Retiring Family Shareholders/Castlebridge Investments (formerly RPC) | Controlling Interest | £2.9m | *Barclays Development Capital Prudential Assurance, Equity Capital for Industry | Manufacture of crisps and other snack foods |
| DPCE (subsidiary of Datronics, Australia)/DPCE Holdings | 30% | £2m | *Candover Investments, Thompson Clive Growth Companies Fund, Thompson Clive Investments Ltd, Electra Investment Trust, BP Pension Fund, British Rail Pension Funds, ICFC, Lazard Investments, Murray Clydesdale Investment Trust, The Prudential Assurance Company | Computer maintenance training and consulting |
| PMA (Holdings)/Gower Holdings | Less than 50% | £2.85m | *Candover Investments, Electra Investment Trust, British Rail Pension Funds, Gresham Trust, ICFC, Lazard Investments, The Prudenial Assurance Company | Manufacture and marketing of self-assembly kitchen and bedroom furniture |
| Associated Communications/Ansafone | 10% | £13.5m | *Candover Investments, Electra Investment Trust, *Montagu Loebl Funds, Equity Capital for Industry, County Bank English Association Trust, Kleinwort Benson Funds, Lloyds Bank Investment, New Zealand Insurance, Castle Finance, SUMIT, Sun Life Assurance; Thompson Clive Funds | Manufacture and marketing of telephone answering machines and related equipment |
| Banque Occidentale (subsidiary of Cavenham Group)/Famous Names (Cavenham Confectionery) | Less than 50% | £8.0m | *Candover Investments, County Bank, Gresham Trust, Hill Samuel and Company, Lazard Bros and Company, SUMIT, The Prudential Assurance Company | Manufacture and marketing of confectionery |
| Vickers da Costa/Vickers da Costa (Holdings) PLC | Over 50% | £4.25m | *Candover Investments, Electra Investment Trust, ICFC, Murray Clydesdale Investment Trust, Murray Northern Investment Trust, The Prudential Assurance Company, Edinburgh Fund Managers, Nuffield College, Oxford, St Catherine's College, Cambridge | Stockbroking |
| T. McGuirk/Liquid Powder & Gas Trnspt | Less than 50% | £1m | Charterhouse | Transport |
| South London Press (Holdings)/South London Press (Holdings 1980) | More than 50% | NA | Charterhouse | Local newspaper publishing |
| Scotia Investments/Cambers & Newman | Less than 50% | £0.75m | Charterhouse | Insurance broking |
| A. T. Bryant/M6 Cash and Carry | Less than 50% | £2.25m | Charterhouse | Cash and carry warehouse |
| Cope Sportswear (in receivership)/Sperrin Textiles | 25% | NA | *County Bank, Northern Ireland Development Agency, Bamford Hall Holdings | Manufacture of textiles |
| Magnachem/Tracebrew | 60% | £1.6m | *Equity Capital for Industry, Moracrest Investments | Manufacture of intermediate organic chemicals |
| T. I. Metsec (part of Tube Investments)/Metal Sections | 60% | £1.05m | *Equity Capital for Industry, *ICFC | Manufacture of structural building products |
| Dunbee-Conbex-Marx (in receivership)/Hornby Hobbies | 20% | Just under £10m | *Guidehouse, *Citicorp Development Capital, Electra Investment Trust, SUMIT, Federated Trust, Jefferson International, Underwoods, FS Assurance, Melville Street Investments, Britec and number of private individuals | Model trains and cars manufacturer |
| Wilmot Breeden (Holdings) (subsidiary of Rockwell International USA)/Trufio | 40% | £6.8m | *ICFC, Candover Investments Electra Investment Trust, SUMIT, Murray Caledonian Investment Trust, The Prudential Assurance Company, British Rail Pensions Funds | Specialist engineering—aerospace products, ball valves, marine valves, fans |
| Aurora Holdings/Pentag Holdings | 60% | NA | ICFC | Mechanical power transmission equipment |
| Receiver/Panache Upholstery | 66.66% | £0.25m | ICFC | Furniture manufacturers |
| Wilmot Breeden/Wayne Keer and Rendar | over 50% | £2m | *ICFC, Barclays Development Capital | Electronic test equipment |
| ATV/Planned Holdings | over 50% | £0.25m | ICFC | Rental of background music |
| Receiver/Flexiform | over 50% | £0.255m | ICFC | Filing and storage |
| Wheelabrator Frye/Progress Foundry | NA | NA | *ICFC, Barclays Bank | Casting foundry |
| New Court Natural Resources/Expro | 20% | £1.5m | *ICFC, London Trust, Flextech | Oil exploration services |
| British Leyland/Radenton | NA | NA | ICFC | Precision engineers |
| Dickinson Robinson Group/Calendars and Diaries | NA | £2.8m | *ICFC, County Bank, Gresham Trust, Post Office Pension Funds | Diaries and calendars publishing |
| Audix/Barkway Electronics | 70% | £0.19m | ICFC | Audio communication systems |
| Berger Paints/Peterlee Wallpaper | 80% | NA | ICFC | Wallpaper |
| W. J. Reynolds (Motors)/Dagenham Motors (1981) | NA | over £3m | *ICFC, Charterhouse, Gresham Trust | Ford main dealer |
| Nevin Electric/Parsonage Transformers | 75% | NA | ICFC | Transformers and household battery chargers |
| Planning Research Corporation International/Computer Special Systems | 75% | £0.1m | ICFC | Computer maintenance |
| Elliott Group of Peterborough/Fernlime | 80% | £0.19m | ICFC | Laboratory furniture |
| Brittains Paper/Brittains Plant | 66.66% | £0.2m | ICFC | Plant hire |
| A. G. Stanley/Trend (Bristol) | 70% | NA | ICFC | Decorators merchants |
| Robertshaw SKIL/SKIL Controls | 70% | £0.18m | ICFC | Instrument engineers |
| Norvic Securities (Receiver)/Mansfield Shoes (1981) | 56% | £0.4m | NCB Pension Funds | Ladies shoe manufacture and distribution |
| Batchelor Holdings (Birmingham)/Doeflex Industries | 74.5% | £1.15m | NCB Pension Funds | High technology plastic processing |
| Sandvik (Sweden)/Bentham International | 52% | £1.45m | *Midland Bank Industrial Finance, County Bank | Manufacture of specialist steel pipes |
| UDT/Hunt and Company (Bournemouth) | 70% | £0.121m | Midland Bank, Venture Capital | Distribution of industrial storage systems |
| Baker International (USA)/Fine Organics | 60% | £1.5m | Moracrest Investments Ltd | Manufacture of pharmaceutical intermediates |
| Air Freight Group/Inter City Trucks Holdings | 70% | £0.26m | Midland Bank Industrial Finance | Haulage |
| Associated Newspapers/Medical Market Studies | 70% | £0.14m | Midland Bank Venture Capital | Market research for the pharmaceutical industry |
| H. B. Clark and Company (Successors)/No change | 77.5% | £0.1m | Midland Bank Venture Capital | Wholesaling of beers, wines, spirits etc |
| Alfred Herbert Group/Sigma | NA | in excess of £2m | *Bank of Scotland, SUMIT, Edinburgh Investment Trust, General Accident, General Scottish Trust, ICFC, Melville Street Investments, Royal Insurance, Scottish Northern Investment Trust | Electronic instruments manufacturer |
| Keep Brothers Company/Keep Brothers Holdings | NA | £3m | *SUMIT, Lazards, Morgan Grenfell, Kleinwort Benson Funds | International trade confirming house |
| European Education Enterprises/Armfield Technical Education | over 50% | £0.3m | SUMIT | Laboratory equipment manufacture |

† The figure shown takes account where possible of the aggregate launching capitalisation including working capital borrowings. Loan capital of all kinds can be a significant part of the total purchase consideration. Where a capital gains tax avoidance scheme has been devised or a recapitalised company has been acquired from the receiver, the purchase price of the ordinary and preferred stock may be only nominal.

A string of firms combining banking and broking expertise have sprung up in America. A report by Jeffrey Brown.

# A fast-growing financial industry in the U.S.

IN THE U.S., the management buy-out business has mushroomed into a new financial industry. The latest deals to emerge are large and complex, but they are also finely engineered in an almost excessively entrepreneurial way and there has been no obvious shortage of backers.

The industry has grown beyond its grass-roots in recent years, moving up rapidly through the financial league from small management buy-outs—usually ailing companies or divisions of companies—to major takeovers involving profit-making corporations. Two recently proposed buy-outs, bids for Arcata Corporation and Norris Industries, are worth a combined $700m.

In the process the name of the game has changed. The term management buy-out has been replaced by the less specific leveraged buy-out. The bulk of today's deals tend to involve only token management participation. Executives take small equity stakes, but the real rewards flow through to the companies and investors who, respectively, set-up and financially back the buy-out.

## Dominating

Despite the prolonged period of high money costs in the U.S., business remains remarkably brisk and it has spawned a new breed of merger broker cum investment banker. A string of small partnerships, unknown just a few years ago, now dominate the market.

The recognised leader in the field, and the most widely mentioned name on the Wall Street cocktail circuit, is Kohlberg, Kravis, Roberts. The firm was founded in 1976 when the three partners threw up their jobs with brokerage house Bear, Stearns. Since then they have been in the thick of a string of leveraged buy-outs worth well over $1bn.

That figure is set to rise substantially this year and although the firm's profits are never published, all the outward signs point to considerable financial success. Typically, the company completes two or three deals a year. Competition is fierce and bid prices reflect the state of the market. Buy-out counter bids are not unknown. But investors, both institutional and wealthy individuals, continue to line up for a slice of the action.

One reason for this is that the failure rate to date among buy-outs has been low. The rewards are said to be high, helped by fiscal advantages. There are some murky aspects to this side of the business and the U.S. authorities have begun to look keenly at a number of deals—but in most cases the tangible spin-offs, whether through tax or capital allowances, have proved durable.

In contrast to the practice in the UK, buy-outs in North America find themselves almost immediately on much firmer ground. This is partly a question of attitudes. In Britain the management buy-out has not yet wholly come of age: in the U.S. it is an established financial option and one that the banking community readily understands and takes to.

Again, unlike the UK, there are clear-cut fiscal advantages. Companies in the U.S. can borrow money to buy their own shares and the path to privatisation for a publicly listed company is far smoother than in the UK. Thanks to something known as a tax option corporation, American companies can readily switch from public to private ownership—and back again to stock market status—without incurring the sort of tax liabilities that can arise in the UK.

Not surprisingly, the buy-out technique has its critics. Establishment Wall Street has just experienced a major boom in corporate takeover activity and does not see the leveraged buy-out as a direct threat to profitability. Even so, a number of big banking names has begun to clamber aboard the band-wagon. Citicorp, for example, has a sizeable stake in the buy-out business.

But the Securities and Exchange Commission and the Inland Revenue Service are known to share reservations. Buy-outs were once relatively small affairs doing a socially acceptable job in keeping corporate America on its feet and maintaining employment. But the trend to what, in the public arena, would be straightforward takeovers has understandably led to suspicions of back-door capitalism.

## Disappearing

When major private company groupings are being created from former publicly owned corporations, the SEC is bound to be concerned with the effective disappearance of large areas of public financial disclosure. For its part, the IRS is watching keenly tax avoidance developments.

The list of companies involved in buy-outs contains some impressive names. Bendix Corporation, West Coast food retailer Fred Meyer, Harley-Davidson the motorcycle division of AMF, Fuqua Industries and Allegheny International have all been attracted to the movement. The word emerging currently from the Wall Street pipeline is that there are many equally well-known names on the way.

Allegheny International disposed of its special steels division at the end of last year. At the time the deal set a record for buy-outs with the operations representing around two-fifths of Allegheny's assets and changing hands for close on $200m. The division's former president and half a dozen top executives own a fifth of the new company.

But the tempo has increased significantly through more recent deals. Some of these have tended to underline investor disenchantment with sluggishness of stock markets. Norris Industries, a construction equipment and motor component group, has agreed to a $371m buy-out which provides shareholders, notably the major family holders, with $38m a share. This is a good 50 per cent above net asset values and is up to a third better than anything achieved by the stock market over the past decade.

Printing and forest products group, Arcata Corporation, has recently opted for a buy-out worth $330m which in per share terms works out at 50 per cent more than the price at which the stock has recently traded in the market.

# Pressure from other bidders adds an edge

Roger Taylor

*Truflow bosses show a selection of the components they are making. From left, the directors are Mr L. Niessen, sales and marketing; Mr A. Dawson, technical; Mr Harry Cox, managing director; Mr R. Bartlett, manufacturing; and Mr R. Lenton, personnel*

THE MANAGEMENT buy-out late last year of Truflo, a West Midlands engineering company which makes high-technology components for aero engines, was a classic case of a major international concern divesting itself of a subsidiary which it had decided was peripheral to its main activities.

Truflo was part of the Wilmot Breeden group, which was taken over by Rockwell International

**PROFILE: TRUFLO**
LORNE BARLING

of the United States in 1979, with the intention of co-ordinating its operation with its other motor component interests.

Although Truflo also manufactures valves and cooling fans for diesel truck engines, its overall activities clearly did not fit in with Rockwell's long-term plans, and when the Truflo management became aware of this, an approach was made to Rockwell.

The U.S. company's response was initially favourable, but it insisted that other offers should be invited and considered in competition with the deal proposed by Mr Harry Cox, the managing director, and five of his colleagues.

When the buy-out was first suggested, the managers had no firm financial proposals, and this seemed to be a major stumbling block, given the high eventual price of £6.8m at which the sale was agreed.

However, early support from the Industrial and Commercial Finance Company led to the submission of the successful bid.

The agreed deal gave Mr Cox and his five colleagues equity shares in the company and the ability to increase these shares if its future performance was satisfactory. It also required heavy personal commitments from each, stretching their borrowing capacity severely, although they prefer not to give details.

In addition, roughly equal shares of the equity are held by ICFC and Candover Investments, with a smaller involvement by Sharp Unquoted Midlands Investment Trust, which also provided a loan.

According to Mr Cox, ICFC was able to offer an important service by providing forecasts on the company's future performance to compare with his own somewhat more optimistic assessment, thereby providing the right financial structure for its continued operation.

There was apparently little difficulty in reaching agreement among the company management on the shares each should hold; Mr Cox, it was decided, should have a slightly larger interest than the others—each of whom has equal shares—since he heads the company.

It was important, he believes, that directors covering the key company functions, marketing, manufacturing, finance and personnel, should all have been participants. This proved to be the case, and the reaction of customers to the buy-out has been generally favourable.

There were inevitably some last-minute hitches in the negotiations with Rockwell, which had based its selling price on asset value rather than potential earnings. Until the buy-out, the company had experienced some years of profit and some of loss.

Soon after Rockwell's takeover of the company there had been a revaluation of assets, which Mr Cox and his colleagues believe did not reflect a fair asking price. Moreover, a deadline of September 30, 1980 was set by Rockwell, which suggested that the price might have to have risen thereafter.

However, the deal was concluded on time and Rockwell agreed to some deferred payment for the company, having established that the buy-out proposals were as good financially as those of other bidders.

Mr Cox believes that in some ways Truflo customers are now more confident in the company's future than before, since there had been considerable uncertainty following the Rockwell takeover. Although operating from a smaller financial base, the company's intentions are more clear, he points out.

Truflo has relied heavily on its aero engine activities since the start of the recession, supplying parts such as gas turbine blades and shaped fabrications to Rolls-Royce for its RB-211 engine, to its U.S. competitor Pratt and Witney, and to General Electric, Plessey and Brown Boveri.

The buoyancy of the aero engine industry has helped offset lower demand for its other products, but overall projections made at the time of the buy-out have proved fairly accurate. Although demand for aero engine parts is now slowing, there has been some improvement in demand for cooling fans and valve sales remain steady.

Nevertheless, the coming year is likely to prove more difficult for Truflo. Although higher interest rates do not affect most of the finance for the buy-out, a medium term loan from Barclays will be more expensive.

Overall, Mr Cox believes that his company's spread of products over various industries and countries provides inherent strength, and efforts are now being made to increase export sales. The company already has a plant in Belgium for the assembly and marketing of valve and fan products into Continental countries.

A period of recession will certainly test Truflo's resilience, and the suitability of the financial package put together by ICFC, but the first year of operation since the buy-out suggests that the company's future is as secure as any in uncertain times.

# The problems of buying out a public company

THERE is no reason why an entire public company cannot be bought out by its managers. It has not happened in the UK yet, but such deals are relatively commonplace in the U.S.

Perhaps the closest in Britain was the recent acquisition of Harris and Sheldon but that seems to have left a sour feeling in the City about such transactions.

The company had been liquidated with the approval of its shareholders. The parts of its business related to the lift industry were then sold to Otis Elevator for nearly £13.5m, while a new company owned by the chairman of Harris and Sheldon and certain other executives bought the rest for £8.81m. This was done with the help of financial support from the Midland Bank and Otis itself.

The proceeds of the sales added up to a cash offer to shareholders worth 56p a share, which looked very nice compared to a market price of under 30p before the package was put together. The independent board directors, advised by merchant banker S. G. Warburg, recommended acceptance.

## Conflicts

But a number of institutional shareholders needed a lot of persuading before they finally approved the proposals. They were not suggesting any impropriety on the part of the managers involved, but they were concerned about the potential conflicts of interest in such a deal.

The directors of a company, after all, are the ultimate insiders, and must have a far better idea than anyone else of the scope for future growth. The directors of a public company can look after themselves when deciding whether to sell a small subsidiary to its managers. But shareholders are less well placed to make a judgment when approached with a recommended offer by the main board directors themselves.

For these reasons, the institutional shareholders in Harris and Sheldon would have preferred to keep a continuing interest in the part of the business which was being bought by its managers. In the end, they were persuaded that there were tax barriers to preserving the deal in such a way, and that anyway it was questionable whether the rump of the group could have stood up as an independent listed company.

While recognising these problems, Mr Roger Brooke, chief executive of Candover Investments does not exclude the possibility of management bids for quoted companies in the future. He suggests such a move might be appropriate, for instance, in companies with large family shareholders who are known to be willing sellers.

Shareholders are free to accept an offer or reject it, and under the rules of the City's Takeover Code, they must be given independent advice by competent outsiders.

All the same, the institutions are obviously going to ask a lot of questions of managers who say that they can make a business worth more in their hands than in those of the public. Such deals are likely to be few and far between.

**Richard Lambert**

# A simple guide to do's and don'ts

● Make your business plans on the basis of pessimistic rather than optimistic assumptions. The chances are that you and your company are going to be very highly borrowed after the deal and you will need a safety net.

● Get good advisers. Although tax and company law has been simplified to ease the path of buy-outs, there are still a number of minefields. Good advisers will also be able to help you prepare your business plans, value the company, and spot any shortcomings in your existing management structure.

● Plan your initial overture to the present owners with extreme care. In the words of one adviser: "It's like asking someone to marry you: whatever the answer, things are never quite the same again afterwards." It may be best to make the first approach on an informal basis to a friendly main board director—perhaps just after you have had a cherished capital investment proposal turned down by head office. Don't get into formal negotiations until you are confident that you want—and are able—to go the whole way.

● Once you've decided to take the plunge, be careful not to get carried away by the idea of being your own boss. Buy-out advisers say that managers often take a long time convincing themselves that they are up to the challenge—but that once they have made their minds up, they tend to want to push ahead even if the selling price turns out to be on the high side. An extra few thousand pounds may not sound too much during the first flood of enthusiasm, but a year or so hence that extra burden could just be the last straw.

● Take your customers, suppliers and workforce into your confidence as soon as you possibly can. They are going to have to get used to dealing with an independent company—probably quite a small one—rather than with the subsidiary of a much larger group, and they have every right to be concerned about the prospect. It makes sense to identify all the sensitive areas as early as possible in the buy-out plan, for any loss of confidence or goodwill on the part of any of these interested parties could threaten the whole enterprise.

● Try to keep a good relationship with the original owners. Even if you are not going to depend on them for supplies or for office space, access to business records and friendly guidance from former colleagues could be of enormous help in the future.

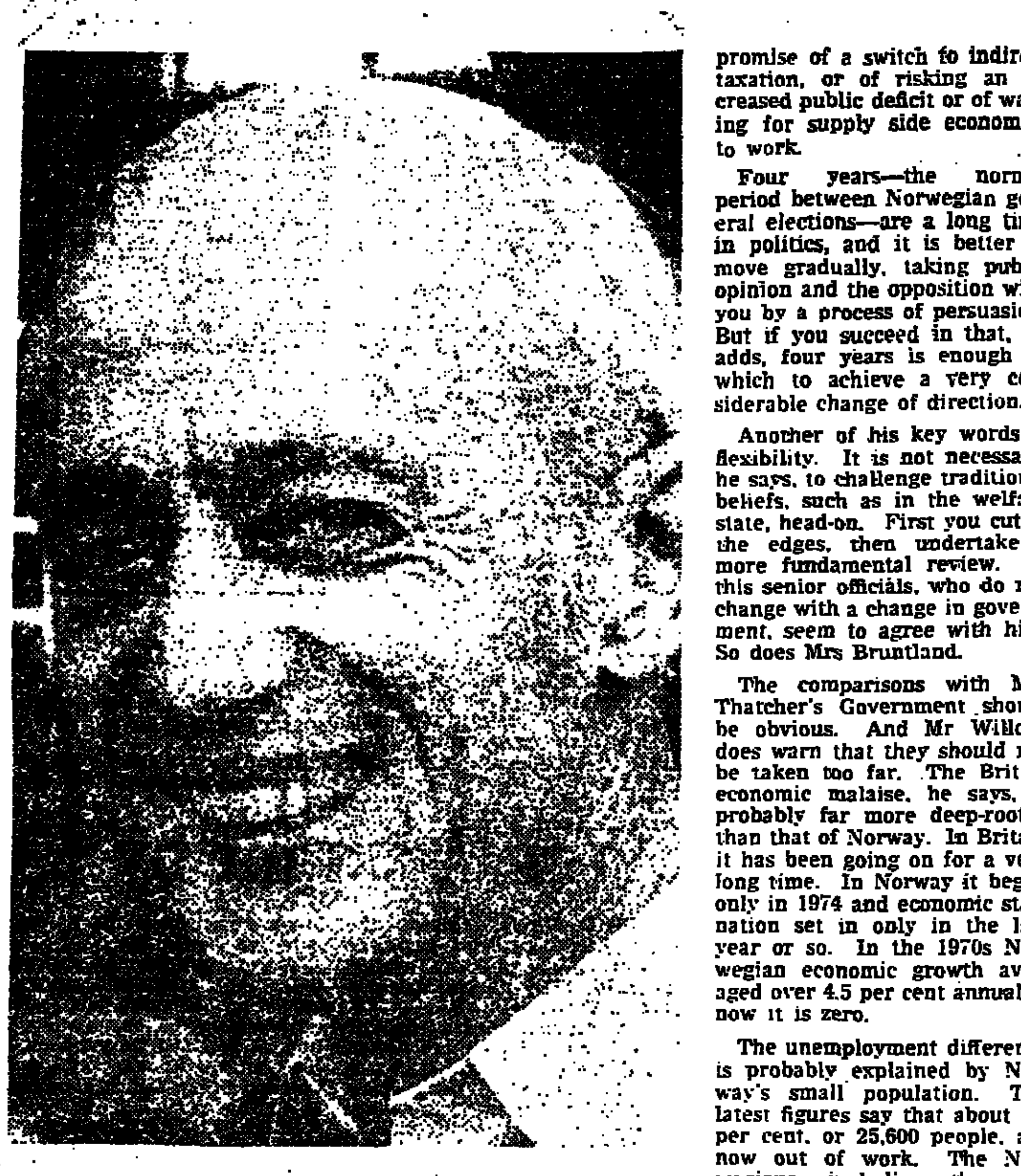
● After the deal has gone through, keep your financial backers as much in the picture as possible. Make it your business to see that you never have to give them a nasty surprise. Your company is going to owe them a great deal of money and their continuing confidence and support is of vital importance.

**Richard Lambert**

POLITICS TODAY FROM OSLO

# Norway's 'Mrs Thatcher'

by Malcolm Rutherford



MR. MICHAEL FOOT, the Leader of the Labour Party, and his deputy, Mr Denis Healey, are fond of citing Norway as a country which has managed to weather the economic storms while maintaining full employment. They did it again in the censure debate in the House of Commons on Wednesday.

Their argument overlooks the fact that for the first time since 1927 the Norwegians now have a solely Conservative Government bent on pushing back the frontiers of the state, and that the Labour Party vote has been been in steady decline over the years, just as it has in Britain.

This week I have been in Oslo talking to Mr Kaare Willoch, the new Prime Minister, and some of his Cabinet colleagues. It is possible that he may succeed where Mrs Thatcher has run into opposition and President Reagan has run into difficulties.

Of course, the differences are at least as important as the similarities. The main one is that Norway has a population of little more than 4m. Running Norway must be rather like running Scotland as an independent state, and outside the Common Market to boot.

### Willoch scores in his gradualism — perhaps in being prepared

Yet all three administrations —the British, the American and the Norwegian—have a certain amount in common in their basic approach: a desire to stop the growth of the power of the state, to check the rise of public expenditure—at least as a percentage of gross domestic product, to cut direct taxes, to restore incentives to the private sector and, at the same time, to spend more money on defence.

Where Mr Willoch scores is in his gradualism, and perhaps also in the amount of preparation his party made before it came to office.

But, first of all, why did the Norwegians vote Conservative last month when much of Europe—France and Greece—seems to be moving to the left and when Mr Olaf Palme, the Swedish Socialist leader, is set to return to power in neighbouring Stockholm?

Part of the answer seems to lie in a general swing against the government of the day. In Norway the Labour Party was the establishment, almost a way of life for a whole generation; any protest vote, any demand for change had to be against it. In France and Greece the establishment was conservative, so the vote went left.

That is the negative answer. There is also a positive explanation. The evidence from Norway, as from Britain and the U.S., is that people were tired of excessive government intervention and regulations, and *wanted to give a chance to a* party which offered less government and more private incentives.

The evidence from Sweden is that the non-Socialist parties were offered that chance in the mid-1970s, but that they muffed it because in a multi-party system they were unable to form an effective coalition. Mr Palme is ready to make his comeback because he has more or less kept his Labour Party together.

There are two general lessons. One is that, especially in a period of low economic growth, any government is likely to be voted out at the next general election. But the second is that there is still some electoral demand for a retreat from Socialism, if it can be achieved.

That is where Mr Willoch's gradualism comes in again. He has some built-in, advantages peculiar to the Norwegian system. For example, next *year's budget*—it works by *the* calendar year—is basically prepared by the outgoing government. You can change it a bit, but not all that substantially. You do not get into the position which Sir Geoffrey Howe, the British Chancellor of the Exchequer, allowed himself to be in in 1979 of seeking to make major tax changes within a few weeks of taking office. There is time to think.

Again the outgoing government *had already accepted that* public expenditure had been growing too fast and had begun to introduce its own remedies. It was reducing subsidies and trying generally to make the *economy more competitive.*

Last February it chose a new leader in Mrs Gro Harlem Bruntland. She has much in common with Mr Willoch. Both are intellectuals who can catch the prevailing political wind. Mrs Bruntland is a moderate social democrat. Mr Willoch is a moderate Conservative. The chief difference between them is that the outgoing government proposed a budget for 1982 that would have entailed a modest *increase* in direct taxation. Mr Willoch is trying to get rid of that increase while balancing the loss of revenue by cuts in public expenditure. The results will be known next week when *the revised budget is published.*

Mr Willoch says that he believes in supply side economics —the theory embraced by President Reagan which suggests that if you cut direct taxes, there will be a restoration of individual incentives and, therefore, economic growth. But, in practice, he is much more cautious. There is, he says, always a time lag between the cutting of the taxes and the beginning of the growth, and that can be politically dangerous.

Thus, he is proceeding slowly. His first aim to replace the tax increases proposed by the outgoing government with spending cuts. There is no dramatic promise of a switch to indirect taxation, or of risking an increased public deficit or of waiting for supply side economics to work.

Four years—the normal period between Norwegian general elections—are a long time in politics, and it is better to move gradually, taking public opinion and the opposition with you by a process of persuasion. But if you succeed in that, he adds, four years is enough in which to achieve a very considerable change of direction.

Another of his key words is flexibility. It is not necessary, he says, to challenge traditional beliefs, such as in the welfare state, head-on. First you cut at the edges, then undertake a more fundamental review. In this senior officials, who do not change with a change in government, seem to agree with him. So does Mrs Bruntland.

The comparisons with Mrs Thatcher's Government should be obvious. And Mr Willoch does warn that they should not be taken too far. The British economic malaise, he says, is probably far more deep-rooted than that of Norway. In Britain it has been going on for a very long time. In Norway it began only in 1974 and economic stagnation set in only in the last year or so. In the 1970s Norwegian economic growth averaged over 4.5 per cent annually; now it is zero.

The unemployment difference is probably explained by Norway's small population. The latest figures say that about 1.5 per cent, or 25,600 people, are now out of work. The Norwegians, including the new government, actually think that that is a serious problem, and note the way that the number of young unemployed has grown —up 700 on a year ago.

What has happened is that a country which discovered abundant resources of oil and gas now has a distorted economy. The engineering skills have gone into the North Sea, which is where the money comes from, and past Labour Governments have been living on it. Oslo today is visibly more affluent, compared to 10 years ago, in a way that you would not say of London.

At the same time, however, the rest of the economy has gone into decline. There has been scarcely any improvement in non-oil related productivity since 1974. In Norway, even more than in Britain, you can hear people saying that it would have been better to have kept the oil and gas in the ground or, as one senior Conservative politician argued, to have given it to the United Nations. "We would," he said, "have been poorer, but happier."

The Norwegian oil and gas revenues are proportionately much greater than in Britain because Norway is a small consumer. They will account for about 20 per cent of central government receipts this year while oil and gas make up over 30 per cent of Norwegian exports. The country would have been totally different without them.

Yet here again one comes back to Britain. Norwegians complain that there has been no attempt to separate the oil and gas revenues from the rest and to invest them in the future.

### People say the oil and gas should have been given away

They are a bonus which is being immediately consumed, sometimes indeed before it has been received. That is precisely the pattern of the British debate about oil revenues over the past few years.

There are other recognisable similarities. Norway has a peace movement much like the British or that of West Germany. There is also a problem of disaffected youth, outside the conventional political system. There is a feeling that Statoil, the state oil company, has become too powerful, almost a state within a state and ought to be provided with private competition.

Yet the greatest similarity of all is that sufficient people voted Conservative to give a government the chance of redressing the power of the state. They also voted against appeasing the peace movement.

It is up to Mr Willoch to take his opportunity. By his gradualist approach, he might.

Lombard

# Economics of the Coal Board

By Martin Dickson

"THE BEST of all monopoly profits," observed Sir John Hicks, the economist, "is a quiet life." How unfortunate, then, for the National Coal Board that its tranquility is about to be shattered by the descent of a prying team from the Monopolies Commission, intent on monitoring its efficiency.

At first sight the assignment might seem a mouth-watering proposition for the keen efficiency auditor: an organisation which will require £550m in Government grants to break even this year must surely have many secret skeletons just waiting to be dragged into daylight?

Alas for the eager auditor, the biggest skeleton in the NCB's possession is not lurking in any cupboard but on display for all the world to see: it is producing too much coal at too high a cost. Much of the Monopolies Commission's report could therefore turn into a dazzling statement of the obvious: that the NCB is not closing its elderly, loss-making pits nearly fast enough.

Nor are any Commission recommendations on this subject likely to have much practical relevance. Pit closures are a political and social problem rather than an economic one. This point was graphically underlined last February when the NCB announced plans to close 23 loss-making pits before time. When the miners went on strike in protest the Government took a political decision to back-track and give the Board sufficient funds to keep the pits going.

Nevertheless, there are numerous areas where the Commission could usefully tell us just how efficient the NCB is—cost control, management information systems and relations with mining equipment suppliers to name but three.

Perhaps the most fruitful area of examination is the Board's huge capital investment programme, on which some £3bn has been spent since the mid-1970s. This is starting to produce results, in the form of rising productivity—but not before time. Even now, output per man is not much higher than in the early 1970s. Why has it taken so long to improve, and how have labour costs moved in relation to productivity?

The Board's investment appraisal record must also be examined, since the NCB has sometimes been accused of paying more attention to production for its own sake than to profitability. We may want coal, but not at any price.

High too on the Commission's list should be energy forecasting, where the Board's recent record smacks of complacency. In public, at least, the NCB is still sticking to UK coal demand forecasts which were first published in 1977 and now look far too optimistic.

The 1977 figures suggest UK demand in 2000 will be between 135m and 200m tonnes, with a midpoint of 170m tonnes. But a succession of independent reports over the past two years have suggested much lower figures. The latest of these, by brokers Quilter Hilton, gives a range of 107m to 128m tonnes, which seems far more realistic than the Board's tally.

These lower forecasts are being used by the NCB's opponents to argue that its capital investment programme will produce too much coal and that it should not be given permission to sink the three new pits it wants around the Vale of Belvoir. The argument is not particularly convincing, for even after development of Belvoir the NCB will only have about 113m tonnes of capacity at the turn of the century, well within most of the new forecast ranges.

True, the Board has repeatedly said it intends to expand production to 130m-160m tonnes by 2000. But it does not seem to have much hope of doing so. The projects necessary to achieve this are not yet under way. Financial restrictions and the long lead times needed to bring new reserves into production mean the Board could be lucky to reach 130m tonnes of capacity by the turn of the century.

The end result, then, could still be a rough balance between UK coal supply and demand. But that does not absolve the NCB of the responsibility to produce some more realistic demand projections. Before it seeks permission to develop any more mines—a planning application may be submitted in Warwickshire next year—it must go back to the drawing board.

## Letters to the Editor

### It is indeed time to come to a decision on Berec

Sir,—Mr L. W. Orchard, whose letter on the subject of Berec Group appeared on October 29, tells us that for more than 40 years he was in the battery industry and knows it "better than most." The letter does not mention that for 24 years Mr Orchard was a director of Berec, which was of course formerly the Ever Ready Company, and that he was its chairman for over 10 years until his retirement in 1979. I should disclose that I am an executive director of Hanson Trust.

First of all Mr Orchard's exposition of Hanson's business philosophy in the first paragraph of his letter must be utterly refuted. Hanson can be unashamedly proud of its record of developing the companies it has acquired over the years, as any examination of its published accounts will show.

In a different capacity I met Mr Orchard in 1972 when the company of which I was then a managing director was acting for Crabtree Electrical Industries, which Ever Ready acquired in September that year. In a circular issued then by the board of Every Ready, under the chairmanship of Mr Orchard, Crabtree shareholders were promised an "exciting future." When the acquisition was completed the price of Ever Ready (Berec) shares, approriately adjusted for a subsequent rights issue, was 147p. Only a few months ago it was as low as 53p.

In Mr Orchard's letter to you he talks of the "highly technical field of electro-chemical systems" in which Berec is involved and asserts that Berec has kept up with the rapidly advancing technology in the industry. In his chairman's statement in June 1978, Mr Orchard *told* the Ever Ready shareholders that "in spite of both City and government department references to so-called 'new high technology' batteries there is neither anything 'new' nor anything 'high' in the context to which they refer, apart from higher costs in using such systems."

At the same time, although reporting pre-tax profits £3.7m down for the year at £25.3m, Mr Orchard assured his shareholders that the company was "in good shape." Its reported profits have continued to decline ever since.

The Ever Ready accounts in 1977 showed Mr Orchard as having an interest in 5,737 unrestricted ordinary shares, 75,000 incentive scheme shares and 55,000 share options, i.e. an interest in a total of 135,737 shares. The share register of Berec as at September 11 1981, shows that he is the registered holder of 3,000 ordinary shares; it does not disclose whether Mr Orchard still has an interest in any Berec incentive scheme shares. Would Mr Orchard, who has offered investment advice gratuitously to your readers, like to let them know what share interest he retains in Berec, and whether he has sold any shares, and if so at what prices, over the past four years?

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John H. Pattisson.
*180 Brompton Road, SW3.*

### Quiet tax rebellion developing

*From the managing director Tax File*

Sir,—An apparent reluctance of Governments to tackle the black economy face-on is probably based as much on embarrassment as on the difficulties involved in trying to collect this revenue. This is particularly likely with the present administration, which won the last election on promises of tax and public spending cuts and, failing to achieve the latter, cannot afford the former.

The result of the combined effects of high direct and indirect taxation is that the black economy now signifies a quiet tax rebellion widely supported and willingly entered by many sections of our community. Tax morality is at a very low ebb and is unlikely to improve all the time Government impose such massive penalties on work and initiative.

It is not widely appreciated that, while the basic rate on income tax is 30 per cent, the Government currently takes 51.45 per cent of every £ of taxable income earned by most employed people. This is made up of: income tax (30 per cent), employee's Class 1 NI (7.75 per cent), employer's Class 1 NI contribution (13.70 per cent).

Put another way, for every £1 gross an employer pays an employee, the cost to the employer is £1.137p and the employee receives only 62.25p net once he has used his tax-free allowance. Once he receives his 62.25p the employee is faced with the 15 per cent VAT rate on most of his purchases.

Dennis J. Fowle.
*4 Valentine Place, SE1.*

### The rise in import volume

*From Mr A. Horsnail*

Sir,—The rise in import volume of 24 per cent for September 1981 reported by the Department of Trade considerably overstates the likely underlying trend. Government statisticians regularly warn against attributing too much from particular figures for one month instead of a trend over several months. Even so, a sharp fall in sterling exchange rates in mid-summer months further clouds the picture.

The point is that with the majority of imports invoiced in foreign currencies, the current rate of exchange with sterling used by Customs and Excise for recording purposes is often quite different from the actual cost of imports to the importer. In most cases, importers bought forward their foreign currency needs several months ago. My earlier studies showed a "lead" time of 4-6 months. If all UK importers bought their currency requirements earlier, then the sterling costs is about 12 per cent less than shown in the published figures. The import volume change falls by the same sort of magnitude to a more reasonable 12 per cent rise since the first quarter.

It is interesting that this notional 12 per cent rise in imports is much closer to the 16 per cent rise in recorded exports over the same period. Export volume indices are much less vulnerable to foreign exchange rate changes because a high proportion of exports are invoiced in sterling.

I raise these points now because some commentators have drawn a rash conclusion that restocking by British industry, as UK production recovers from recession, is causing a surge in imports. Time will show, I respectfully suggest, that this is not a problem on the scale *indicated* by the present overseas trade figures.

Alan Horsnall.
*Capital House,*
*22, City Road, EC1.*

### Rediscovery needed in the Third World

*From Councillor C. Meakin.*

Sir, — I was delighted to see (October 23) that your resident iconoclast, Mr Samuel Brittan, is totally unimpressed by the latest north-south dialogue campaign to create a "New international economic order." Equally sound are his doubts that anything fundamentally worthwhile is going to emerge from the latest junket on the subject in Cancun, Mexico.

Despite all those interminable conferences, innumerable treatises and reports, endless UN initiatives, no one has yet found an effective answer to the Third World problem. Maybe they fail to find an answer because the question they keep asking, however fashionable, is the wrong question.

The fashionable line of argument assumes that the developed nations have built themselves an exclusive club and refuse to share its goodies. The conventional question, therefore — stripped of the verbiage — runs "Why is the Third World not part of the prosperous West?"

That question gets everyone nowhere. So change it; ask instead: "Why is the prosperous West no longer still part of the Third World?" The real answer to that is buried deep in the Renaissance — prior to which the West was part of the Third World.

Only when Third World politicians, their advisers and propagandists are prepared to rediscover what actually happend for themselves will there be real hope of real advance for their countries. Meantime their rapid cycle of power, promises, non-delivery and being deposed will continue indefinitely. And in the meantime the bank vaults of Switzerland will continue to swell with the secret harvest of Third World aid.

(Cllr) Christopher Meakin,
*Members' Room, Town Hall,*
*Peckham Road, SE5.*

### Expansive but not expensive

*From the Public Relations Officer, Royal Institution of Chartered Surveyors*

Sir,—We appreciated your reference to our new appointments service ("Marketing the skills of chartered surveyors," October 26) and, particularly, to the growth in opportunities for building surveyors. But a gremlin has been at work on the last paragraph. Building surveying is "expansive" not "expensive." Any inflation, we are pleased to point out, is in our members not in their charges.

Margaret Cox.
The Royal Institution of Chartered Surveyors.
*12, Great George Street,*
*Parliament Square, SW1.*

# ICI holds up well between second and third quarters

SEASONAL factors normally cause a deterioration in trading conditions between the second and third quarters at ICI. However, this year the effect has been less marked.

For the third quarter, pre-tax profits amounted to £66m, making £221m for the nine months to September 30 1981, compared with £277m for the corresponding period, and £284m for the last full year. The second quarter of this year produced a profit of £53m and the directors explain that the maintenance of profits at a similar level for the third quarter reflects benefits resulting mainly from the reduced value of sterling.

| | 1981 Nine months £m | 1980 Nine months £m | 1980 Year £m |
|---|---|---|---|
| External sales ... | 4,750 | 4,272 | 5,715 |
| UK ... | 1,859 | 1,808 | 2,399 |
| Overseas ... | 2,891 | 2,471 | 3,316 |
| Tax ... | 93 | 91 | 122 |
| Profit before tax | 221 | 277 | 284 |
| Minority profits | 20 | 22 | 31 |
| Extraord. debits | — | 150 | 150 |
| Attributable ... | 108 | 14 | *20 |

* Loss.

Group third quarter sales, at £1.65bn, were £48m above those for the second quarter. Chemical sales volume was 2 per cent lower than in the previous quarter, but selling prices improved by 1 per cent and in addition currency changes increased sales by 5 per cent.

The UK market has been particularly slow to improve and chemical sales volume for the first nine months of 1981 was 6 per cent below that for the corresponding period.

In the third quarter the freight-on-board value of exports from the UK was £356m, against £372m for the second quarter.

The company's oil business (including its share in the Ninian oilfield) produced third quarter trading profits of £19m (second quarter £14m), after supplementary petroleum duty and petroleum revenue tax of £26m (£25m).

Earnings per share for the nine months are stated at 18.2p compared with 28p for the corresponding period.

See Lex

## HIGHLIGHTS

The bidding in the battery world took a new twist yesterday as Thomas Tilling put in an offer worth £89m for Berec. Lex analyses the state of play now that the Ever-Ready group has found its White Knight and Hanson Trust's terms have been topped. The column also looks at the encouraging third quarter—traditionally its worst—from ICI and looks particularly at sales volume trend in its leading markets. Volume at Coats Patons has been disappointing in Europe and the beneficial effects of currency gyrations has not been sufficient to compensate on any significant scale. Elsewhere, William Press has been hit by loss provisions in its important Cairo natural gas contract, Homfray has been added to the carpet industry's casualty list.

# Benefits begin at Glaxo

IN PURSUIT of the policy of looking to the long-term development of the group, Sir Austin Bide, chairman of Glaxo Holdings, pharmaceutical manufacturer, tells members that the last few years have demanded particularly heavy investments and efforts, often in very difficult circumstances.

"I believe that we are now, in spite of the difficulties, beginning to get the intended results," he states.

In his annual statement, the chairman reveals that a new factory is to be built in the U.S. as an important feature of the development of group business there. Construction work should begin in early 1982 on an 80-acre site at Zebulon, North Carolina with completion scheduled for 1984 and will provide secondary production facilities for presentations such as tablets and aerosols, and accommodation for warehousing, packaging and quality control.

Glaxo is also strengthening its Canadian resources with a greatly expanded and updated secondary production plant that comes on stream later this year.

Other major capital investment activities include a factory in Singapore for bulk chemicals which is due for completion in mid-1982.

A pharmaceutical factory at Agbara for the group's associate in Nigeria is well advanced for completion in mid-1982. Towards the end of 1983 a new secondary plant will come on stream in India (Nashik) with design work under way on a primary plant at Ankleshwar, Sir Austin states.

Meeting, Park Lane Hotel, W. on December 14 at noon.

# Coats Patons profits move ahead at midway

FOR THE first six months of 1981 Coats Patons, cotton and synthetic threads, industrial yarns group, increased taxable profits from £26.68m to £28.15m, from turnover up by 13 per cent to £389.95m, against £345.5m.

The interim dividend is maintained at 1.4p net per 25p share—last year's final was 2.6p paid from pre-tax profits of £65.95m.

Of the six months' sales increase, £57m was from price changes, £5m due to exchange with volume £18m down.

Trading profits advanced by £4.2m to £34.39m.

Exchange movements overall reduced profits by £2m—OECD currency movements lifted profits by £6m, while devaluations, mostly in Latin America reduced them by £8m.

Above the line, depreciation took £8.02m (£7.27m), while interest and other charges were £8.69m, compared with £6.58m, the increase being largely due to rising borrowing costs in Brazil.

Tax charge was £13.74m (£11.18m), investment grants credited £225,000 (£164,000), and after minorities, £2.22m (£2.23m), an extraordinary debit of £1.09m last time, and preference payments, £24,000 (same), the available balance for ordinary holders came through just ahead at £12.39m, compared with £12.33m.

The interim distribution will absorb £3.87m (same) leaving a retained profit of £8.52m against £8.46m. Earnings per share are shown as 4.5p (4.8p).

The directors state that group borrowings compared with shareholders' funds are expected to increase to 35 per cent (31.9 per cent) by the year end.

On a current cost basis pre-tax figure is reduced to £11.6m (£10.7m).

See Lex

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Aberdeen Trust ... | 4 | Dec 23 | 3.7 | 6.1 | 5.7 |
| Ben Bailey Constrctn. ... | 0.55 | — | 1 | 1 | 1.44 |
| Bambers Stores ... int. | 0.8 | Dec 22 | 0.65 | — | 1.55 |
| Border Breweries ... int. | 1.4 | Jan 6 | 1.3 | — | 4.9 |
| British Assets ... | 1.5 | Jan 5 | 0.95 | 4.05 | 3.85 |
| BSG ... int. | 0.1 | Dec 31 | Nil | — | Nil |
| Coates Bros. ... int. | 0.88 | Jan 4 | 0.88 | — | 3 |
| Coats Patons ... int. | 1.4 | Dec 31 | 1.4 | — | 4 |
| Headlam, Sims Cog. int. | 1.4 | Nov 25 | 1.1 | — | 2.37 |
| Hopkinsons Hldgs. int. | 1.5 | Dec 11 | 1.5 | — | 5.65 |
| Hunting Assoc. ... int. | 2.5 | Nov 30 | 2.5 | — | 5 |
| Lunuva Tea ... int. | 6 | Dec 11 | 6 | — | 56‖ |
| Modern Engineers ... int. | 1 | Dec 21 | 1 | — | 3 |
| Philip Hill Inv. ... int. | 2 | Dec 15 | 1.8 | — | 6.1 |
| Portsmouth & Sund. int. | 1 | Dec 18 | 1 | — | 3.25 |
| William Press ... int. | 1.32‡ | Dec 29 | 0.6 | — | 1.38 |
| S. Simpson ... | 2 | Jan 4 | 2.95* | 3 | 4.26 |
| J. Smart (Contractors) | 2.6 | Dec 11 | 2.3 | 3.6 | 3.16§ |
| Weeks Associates ... int. | Nil | — | Nil | — | 0.5 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special payment of 0.3p. § Final not less than 1.5p. ¶ On 10p shares; last year 5p shares. ‖ Includes special payment of 35p.

# Fall at Burgess Products

TAXABLE profits of Burgess Products Company (Holdings) were down from £1.26m to £833,000 for the year to August 1, 1981. Turnover of the acoustical and electrical engineering and manufacturer was marginally lower at £22.81m for 52 weeks compared with £24.83m for 53 weeks last time.

The directors consider the results are reasonable after taking into account the recessionary trading conditions which applied throughout the year.

The balance sheet has been strengthened by a £1.4m reduction in borrowing arising from reduced working capital, say the directors.

They consider that production capacity and technical facilities are adequate to enable the group to take advantage of any improvement in economic conditions in the acoustical and electrical engineering markets.

The final net dividend is 3p (same) making a total of 4.3p (4p). Earnings per share are given as 16.8p (18.5p).

Pre-tax profits were struck after reduced interest charges of £514,000 (£570,000). Taxation took a much reduced £44,000 (£302,000). Pre-tax profits adjusted for current cost accounts are given as £391,000.

# Receiver called in by Homfray

BY DUNCAN CAMPBELL-SMITH

Homfray and Co., the West Yorkshire carpet manufacturer, has gone into receivership. Despite a "markedly improving" trading performance over the last two months, according to the company, heavy redundancy costs and interest charges have led management to conclude that no return to profitability could be forecast "in the near future."

The crisis at Homfray comes just over a week after the receivers were called into Blackwood Morton and Sons (Holdings), better known as BMK carpets. Both companies are former leaders in an industry crippled by excess manufacturing capacity.

The company's shares were suspended at 7p each at the market opening yesterday morning compared with a 1981 high of 17½p. Last night a statement from Mr H. R. Sykes, the chairman, announced that the Board had invited Lloyds Bank to appoint a receiver. Mr Michael Jordan of Cork, Gully and Mr Anthony Wood of Cooper Lybrand are expected to arrive this morning at Homfray's offices in Batley, Yorkshire, as joint receivers.

Homfray's pre-tax losses began in the half year to September 1979 and had accumulated to £6.86m by March 31 this year. Losses at £1.51m in the six months to March 31 marked an improvement against March 1980 and break-even levels of trading were hoped for.

Sales in July and August, however, were "extremely disappointing" the company said yesterday, and Homfray has incurred "substantial losses" in the period ending September 30.

A harsh programme of rationalisation has seen the labour force cut from 1,750 two years ago to the present level of 316 employees. Stock reductions and property disposals have helped reduce bank borrowings from £7.5m in March to £4.9m currently.

Nevertheless, as yesterday's statement notes, the burden of redundancy costs coming on top of heavy investment in new plant over the last three years has left Homfray now with interest charges running at over £1m a year.

In receivership, Homfray will be released from interest payments on its unsecured debt. Lloyds Bank believes that this might make it easier for the company to establish "a sound financial base." The bank has indicated its desire to see Homfray remain a going concern.

The chairman's statement, noting substantial sales gains of 60 per cent and more in September and October, expresses confidence in Homfray's new range of carpets and "successfully rationalised" product line. Senior management intends to work closely with the workforce in an attempt to build upon these recent changes.

# S. Simpson deficit

DESPITE some recovery in the second half, S. Simpson, tailor and clothier, still finished the year to July 31, 1981 in loss, and the dividend has been cut.

There was a tax credit this time of £1.1m against a £398,000 charge, and this left attributable profits ahead from £576,000 to £856,000, after extraordinary debits of £83,000 (£67,000).

Earnings per 25p share, of this "close" company, are stated at nil (16.29p) and the total dividend is reduced from 4.2625p to 3p with a final payment of 2p.

# Wm Press hit by £3.5m loss provisions

William Press Group, the engineering contractor, has made loss provisions of £3.5m against its major £53m natural gas project in Cairo.

The group, headed by Mr Tony Hawken, announced yesterday that the "anticipated results of the contract have been affected by changes in the scope of work and the emergence of other adverse conditions during the early part of the contract."

The provisions have been charged against pre-tax profits which, as a result, are shown at £2.14m against £3.21m for the six months ended June 30 1981. Turnover was higher at £129m, compared with £122m.

Press, which was cleared last July of all charges in a long-running Inland Revenue fraud case, was first awarded the £53m Cairo contract in November 1979. It was to install a domestic gas supply system to four major suburbs of Cairo, many of whose inhabitants have been using imported bottle gas.

The group explained yesterday that the contract contained escalation clauses but, given the delicacy of any re-negotiation, it declined to comment on the nature or the extent of "certain things which have come to our notice."

Initially, 160,000 homes were to be converted and connected as part of the programme. Press, however, indicated that it expected shortly "to announce the award of several important contracts."

Looking to the group's other activities the directors state that despite the continued recession, it has maintained its market share. The award of several new contracts is expected to be announced shortly.

In the last full year the profit before tax was £8.23m (£6.63m) on turnover of £252m (£227m).

The interim dividend is 1.32p per 10p share against 0.6p per 5p share—total last year was 1.38p.

Earnings per 10p share are 2.38p (1.51p per 5p share).

Pre-tax figure for the six months included £194,000 (£387,000) surplus on the cancellation of loan stocks, and £807,000 (£121,000) profit on the sale of investments.

The charge for tax was lower at £572,000, against £1.34m previously.

### ● comment

The Wm Press share price has been swayed by so many influences over the past couple of years or so that the stock market should have become experienced at making some quite delicate rating assessments. Its reaction yesterday to the sudden announcement of a £3.5m provision against what had been one of the group's most important (and probably most prestigious) contracts was sharp enough. The shares dropped 6p to 65p. The Cairo natural gas project is expected to last for another two years at least but for the moment, its outlook is most unclear. The balance sheet, however, should take this type of knock in its stride. Cash in the last balance sheet stood at about £9.5m and Press now has the luxury of writing back at least £2m of fraud case provisions. The work load, too, is holding its ground and recent efforts at cost slimming and rationalisation have borne fruit in the shape of a handsome, pre-Cairo, rise in operating profits. The dividend must be safe enough but quite what any of the rumoured predators (and hence any element of bid speculation in the price) makes of Press' problems in the Pyramids remains to be seen.

ANGLOVAAL

## Salient features from the Directors' Report

The Company earned a profit after taxation of R24 083 000 compared with R19 123 000 in the 1980 financial year and its net earnings per share rose to 551 cents (1980: 436 cents) of which 300 cents (1980: 230 cents) were declared as dividends. Consolidated profit attributable to members rose by R9 490 000 to R47 564 000 and earnings per share increased by 25 per cent to 1 121 cents. The growth in the earnings was attributable to significantly improved profits of our industrial companies and higher dividend payments received from the Group's gold mining investments.

A table showing the profit after taxation attributable to members earned from the principal spheres of interest in which the Company is interested is set out below:

| SOURCE OF EARNINGS | 1977 Rm | 1977 % | 1978 Rm | 1978 % | 1979 Rm | 1979 % | 1980 Rm | 1980 % | 1981 Rm | 1981 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Gold mining | 2,9 | 20 | 4,8 | 30 | 7,7 | 29 | 14,2 | 37 | 20,8 | 42 |
| Other minerals and metals | 4,7 | 32 | 2,3 | 18 | 7,4 | 28 | 6,9 | 18 | 4,2 | 9 |
| Building, construction, engineering and allied industries | 3,6 | 24 | 3,5 | 22 | 4,5 | 17 | 7,2 | 19 | 6,9 | 14 |
| Food and packaging | 3,2 | 22 | 4,2 | 26 | 6,3 | 24 | 8,9 | 23 | 14,0 | 30 |
| Textiles | 0,4 | 2 | 0,5 | 3 | 0,7 | 2 | 1,3 | 3 | 2,0 | 4 |
| Other | — | — | 0,2 | 1 | — | — | — | — | 0,4 | 1 |
| | 14,8 | 100 | 16,1 | 100 | 26,6 | 100 | 38,5 | 100 | 47,5 | 100 |
| Profit attributable to ordinary, 'A' ordinary and participating preference shareholders | | | | | | | | | | |
| – per consolidated income statement | 13,5 | | 16,2 | | 23,0 | | 38,1 | | 47,6 | |
| – per report on subsidiaries not consolidated | 1,3 | | (0,1) | | 3,6 | | 0,4 | | (0,1) | |
| | 14,8 | | 16,1 | | 26,6 | | 38,5 | | 47,5 | |

## MINING INVESTMENTS

### MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED
*Mining exploration, finance and investment company*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit after taxation | 18 363 | 14 143 |
| Earnings per share | | |
| – including profit on realisation of investments | 188,3 cents | 144,7 cents |
| – excluding profit on realisation of investments | 165,8 cents | 106,2 cents |
| Dividend per share | 85,0 cents | 65,0 cents |

Higher dividends from gold mining investments accounted for most of the increase in profits. As at 3 September 1981 the market value of listed investments had risen to R174 million. Exploratory expenditure for the year was R2,7 million and is expected to continue at the same level on numerous precious and base mineral, and coal exploration ventures during the current year.

### HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED
*Gold, uranium and sulphuric acid producer*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Revenue | 460 087 | 416 283 |
| Profit after taxation | 135 615 | 135 192 |
| Earnings per share | 1 051 cents | 1 096 cents |
| Dividend per share | 1 025 cents | 1 025 cents |

Dividend payments were maintained in spite of a decline in gold recovery from 32 213 kilograms to 31 426 kilograms. This was mainly due to the higher average gold price received and lower than planned capital expenditure. The average grade for the year was 10,5 g/t compared to 11,2 g/t in 1980. A gradual downward trend is expected in the future. Substantial capital expenditure is planned over the next five years, including an additional surface shaft with its ancillary works and infrastructure as well as the installation of experimental radiometric sorting equipment.

### ZANDPAN GOLD MINING COMPANY LIMITED
*Investment company*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit (no tax payable) | 22 588 | 22 534 |
| Earnings per share | 173,4 cents | 173,2 cents |
| Dividend per share | 173,0 cents | 173,0 cents |

The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company Limited, remained unchanged.

### LORAINE GOLD MINES LIMITED
*Gold producer*

| | 9 months to 30 June 1981 (unaudited) R000 | Year ended 30 September 1980 R000 |
|---|---|---|
| Revenue | 61 384 | 78 524 |
| Profit (no tax payable) | 6 992 | 18 508 |
| Earnings per share | — | 61 cents |

Substantial capital expenditure is being incurred on the sinking of two sub-vertical shafts and associated works in order to increase overall production of ore from underground sources to 135 000 tons per month and to increase the proportion of ore drawn from the Elsburg Reefs in the northern part of the lease area. The first of these additional shafts – the 1B sub-vertical shaft – was commissioned in March 1981. To supply more ventilation to current and future working places in the abovementioned areas, the No. 5 ventilation shaft has been deepened to 30 level and is now providing for the upcasting of air supplied through Nos. 1 and 2 shafts. Capital expenditure is expected to remain at a high level over the next two years.

### EASTERN TRANSVAAL CONSOLIDATED MINES, LIMITED
*Gold mining, farming and forestry*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Revenue | 32 125 | 29 561 |
| Profit after taxation | 9 737 | 10 052 |
| Earnings per share | 177 cents | 172 cents |
| Dividend per share | 150 cents | 150 cents |

The working profit from gold mining remained virtually unchanged. Revenue from gold sales increased from R28 222 000 to R30 359 000 due to the higher gold price. As a result of continuing rises in salaries, wages and stores, working costs increased to R11 176 000, compared with R8 983 000 in the previous year.

### PRIESKA COPPER MINES (PROPRIETARY) LIMITED
*Producer of copper, zinc and pyrite concentrates*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Revenue | 68 355 | 65 397 |
| Profit (no tax payable) | 8 138 | 16 942 |
| Earnings per share | — | 2 cents |

The drop in profits was largely attributable to a decrease in the average price received for copper, and increased production and transportation costs. During the year ending 30 June 1982 approximately R8 million will be incurred on capital expenditure. Of this R1,5 million will be spent on the surface and underground exploration programme. The presently delineated ore reserves are sufficient to sustain mining operations for at least five years. However, the mineralisation in the main body is open-ended and any additional tonnages of ore resulting from the ongoing exploration programme will extend the life beyond that period.

### ANGLO-TRANSVAAL COLLIERIES LIMITED
*Investment company*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit after taxation | 3 092 | 2 538 |
| Earnings per share | 182 cents | 149 cents |
| Dividend per ordinary share | 181 cents | 148 cents |

The increase in profits was attributable to higher dividend income received from the company's investment in Witbank Colliery Limited.

### VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED
*Gold producer*

| | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Revenue | 5 994 | 4 357 |
| Profit after taxation | 1 989 | 1 478 |
| Earnings per share | 24 cents | — |
| Dividend per share | 17,5 cents | — |

This was the first full year of sands treatment operations and the financial results are therefore not comparable with those of 1980. It is estimated that during the year ending 30 June 1982 some 740 000 tons of sands will be treated at an average head value of approximately 1 g/t. Recoveries are expected to fluctuate as a function of the variable characteristics of the material in the dump, but an average recovery rate of 75 per cent is forecast. Operating costs should be between R6,50 and R6,60 per ton treated and capital expenditure of approximately R500 000 will be incurred.

## Extracts from the Review of the Chairman, Mr. Basil E. Hersov

● Consolidated earnings of R47,6 million, equivalent to 1 221 cents a share, represented a 25 per cent increase, while the dividend was raised by 30 per cent to 300 cents a share. Earnings and dividends have risen by an average of 28 per cent and 23 per cent respectively compounded annually over the last five years.

● Total revenues of Group companies exceeded R2 100 million and distributable earnings were R378 million. The total number of employees in the Group is more than 90 000.

● The industrial companies of the Group have taken full advantage of a buoyant economy and produced substantially improved results: their aggregate turnover was in excess of R1 000 million (1980: R650 million) and their consolidated attributable profits increased to just under R32,8 million (1980: R25,8 million).

● At a cost of R44 million, Anglo-Transvaal Industries (ATI) acquired the entire ordinary share capital of Bakers Limited, South Africa's leading biscuit manufacturer. Through a re-arrangement of engineering interests, it also acquired control of Grinaker Holdings Limited, a major group of companies in the civil engineering field with other diversified interests and which employs more than 10 000 people.

● ATI created a textile division through its subsidiary, Avtex Holdings Limited. This now controls S.A. Fine Worsteds (Pty) Limited and its subsidiaries, Universal Knitters & Weavers (Pty) Limited, R.I.S.A. Investments (Pty) Limited – whose subsidiaries manufacture fabrics and knitted cloth for a wide range of ladies' and mens' wear – and, with effect from July 1, 1981, Gelvenor Textiles (Pty) Limited, which weaves continuous filament yarns into industrial fabrics and linings.

● Mineral exploration programmes for gold are in progress in the Orange Free State, and the western and eastern Transvaal, although some options in the latter area are being abandoned. Several areas were prospected for coal and additional reserves were located in the Witbank and Bethal districts.

● The market value of listed investments had risen from R302 million on June 30, 1981 to R407 million on October 2, 1981.

● Financial results for the current year so far indicate improvements in most Group companies. Consequently, subject to the normal provisions regarding world metal and mineral prices combined with the South African business climate, the Group is again budgeting for higher profits.

Mr. Hersov continues: "The most important single factor in arriving at the Anglovaal profit is the price in Rand received by the mines for their gold inasmuch as mine working costs and dividends are paid in Rand. This price is determined not only by the ruling gold price in dollars but also by the Dollar/Rand exchange rate. For example, the gold price ruling on the 5 January 1981 of $534/oz at the then exchange rate of $1,34/R1,00 is equivalent in rand terms, at the current exchange rate of $1,05/R1,00, to a gold price of $418/oz.

A lower dollar gold price has a direct and detrimental effect on the balance of payments and if it fluctuates at levels lower than in the previous year even harsher monetary and fiscal policies will have to be pursued. This will have an inhibiting effect on the growth of industry and must in due course affect industrial company profits.

The belief of some economists that the South African economy over the last generation has been moving away from its dependency on the gold and other mining industries has thus proved incorrect. The fortunes of South Africa and the Anglovaal Group, which in many respects is a microcosm of the South African economy, still depend very much on gold and other mining activities and will do so for the foreseeable future.

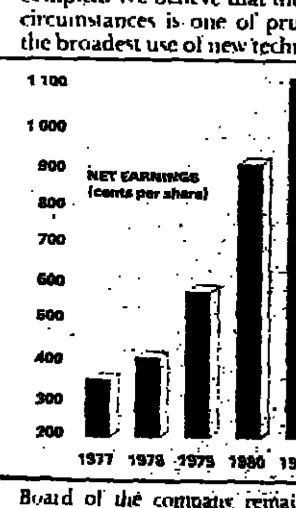
However, the future level of the gold price is impossible to assess as has become evident from the erroneous predictions constantly made. There are just too many intangible factors at work for any rational short-term forecasts to be made. In calculations relating to new mines or capital expenditure on existing mines, such volatile factors as exchange rates, inflation, price fluctuations and interest rates, have to be taken into account. In all these matters we bear in mind that the gold price, being so central to our fortunes, has long since become an emotional issue where objectivity is nearly impossible. Thus it is important to pay attention to both the pro- and anti-gold lobby in order to maintain some perspective.

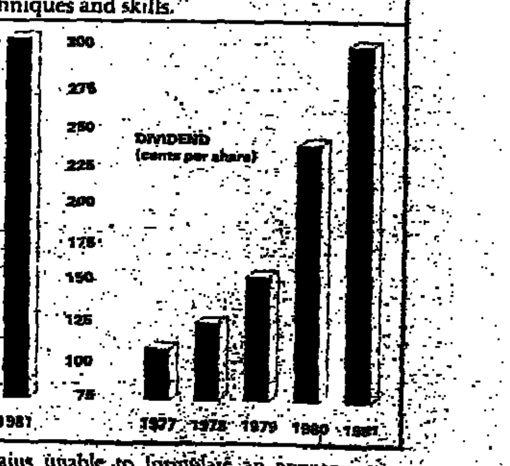
In addition greater sophistication has become necessary in the marketing and financing of our mineral products taking into account the numerous futures and forward markets that exist and the hedging made possible against movement not only in prices and exchange rates but also in interest rates. Greater skills are called for as money and commodity markets become more complex. We believe that the best policy to pursue under all these circumstances is one of prudence and flexibility combined with the broadest use of new techniques and skills."

### Salient features from the accounts

| | Consolidated 1981 | Consolidated 1980 | Company 1981 | Company 1980 |
|---|---|---|---|---|
| Profit after taxation | R88 681 000 | R72 823 000 | R24 083 000 | R19 123 000 |
| Dividends paid | R13 015 000 | R10 046 000 | R13 244 000 | R10 223 000 |
| Earnings per ordinary share* | 1 121 cents | 898 cents | 551 cents | 436 cents |
| Dividends per ordinary share | 300 cents | 230 cents | 300 cents | 230 cents |
| Net worth per ordinary share (consolidated) | 7 842 cents | 8 052 cents | | |
| Listed investments | | | | |
| Book value | R98 888 000 | R83 651 000 | R85 300 000 | R52 887 000 |
| Market value | R306 558 000 | R319 785 000 | R302 440 000 | R266 041 000 |

*Note: Earnings per share exclude the results of the mining subsidiary and extraordinary items.





### THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA, LIMITED
*Producer of manganese and iron ores, and manganese and chrome alloys*

| From consolidated financial statements | 6 months to 30 June 1981 R000 | 6 months to 30 June 1980 (unaudited) R000 |
|---|---|---|
| Revenue | 64 403 | 58 236 |
| Profit after taxation | 13 204 | 8 070 |
| Earnings per share | 232 cents | 71 cents |
| Dividend per share | 60 cents | 60 cents |

Capital expenditure in 1980 amounting to R10,6 million was incurred on shaft sinking and underground and surface equipment, while at Feralloys R1,7 million was spent on plant extensions and equipment replacement. As the capital programmes relating to the establishment of new manganese mines are nearly completed, capital expenditure in 1981 will be less than in 1980. The half-year's earnings should not be taken as an indication of the level of earnings for the full year, because shipments can vary considerably from period to period as to quantity, grades and prices.

### RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED
*Gold mine (dormant)*

The feasibility of re-opening the mine was again investigated during the course of the year but, in view of the uncertainties relating to escalations in costs, the level of the gold price and the Dollar/Rand exchange rate, the Board of the company remains unable to formulate an appropriate recommendation relating to re-opening. The application for the establishment of a residential township on about 14 hectares, on which the mine houses are situated, has been approved in principle by the Administrator. The application for the establishment of a further residential township on some 40 hectares is still being considered by the authorities.

### CONSOLIDATED MURCHISON LIMITED
*Producer of antimony concentrates*

| | 6 months to 30 June 1981 R000 | 6 months to 30 June 1980 (unaudited) R000 |
|---|---|---|
| Revenue | 9 841 | 18 021 |
| Profit after taxation | 1 664 | 8 506 |
| Earnings per share | 29 cents | 40 cents |
| Dividend per share | — | 30 cents |

Demand for antimony concentrates was reasonably firm for the first six months of 1980 but, during the latter half of the year, sales ceased almost completely. However, demand for the six months to 30 June 1981 has improved with sales volumes approximately half of those achieved in the corresponding period of the previous year. The after-tax profit for the year to 31 December 1980, before transferring R2,6 million to non-distributable reserves in respect of capital expenditure, amounted to R1,5 million.

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## MINING NEWS

# Anglovaal profits still on the rising trail

IN THESE days of falling profits and near term uncertainty for the world's mining industry it comes as a pleasant change to report that South Africa's Anglo-Transvaal Consolidated mining and industrial group expects a further increase in profits this year.

In the year to June 30, earnings rose by 23 per cent to [illegible] (£27m) in line with high gold prices and a buoyant South African economy which boosted the group's industrial interests.

But the chairman, Mr Basil Hersov, points out in the annual report that the group's fortunes will depend very much on gold and other mining activities and will continue to do so for the foreseeable future.

Last year 42 per cent of the group's net profits came from gold and 30 per cent from food and packaging.

Mr Hersov illustrates the impact of varying exchange rates on gold prices received in terms of South African rands by pointing out that at current exchange rates a gold price of only $418 per ounce produces the same equivalent in rands as the level of $534 did in January of this year.

Thus the strength of the U.S. dollar has cushioned South African gold mine earnings from the full effects of the fall in dollar prices for gold as we have seen in the recent quarterly reports from the mines.

On the exploration front, Mr Hersov says that encouraging results have been obtained by De Beers in prospecting on farm Venetia in the Zoutpansberg district where the mineral rights are held jointly with Anglovaal's Middle Witwatersrand (Western Areas) subsidiary. A cluster of diamond-bearing kimberlites has been discovered but it is too early to make any assessment of the prospect.

The market value of the group's investments had risen to R407m at October 2 compared with R302m at the end of the previous financial year on June 30. Net assets at that time equalled 7,842 cents (£44.85) per share, the current London price of which is £23.

The company has been generally known as Anglovaal over the years and it has now been decided to officially change its name to Anglovaal Limited after the next annual meeting on November 20.

# Tanks committee values company above bid price

A COMMITTEE of six directors of the UK mining finance house Tanks Consolidated Investments, the subject of a bid from Societe Generale de Belgique, has concluded that the offer price of 450p a share does not represent full value.

On the basis of its valuation of Tanks' assets, the committee suggested that a price of 560p a share would be more reasonable. The committee excluded those five directors of Tanks who are also directors of, or associated with, Societe Generale.

Nevertheless, two members of the committee who own ordinary shares in Tanks have decided, "with regret," to accept the Belgian company's offer, "in the absence of any further developments."

Societe Generale, Belgium's biggest industrial holding company, has been associated with Tanks ever since the latter company was founded in 1899, and has held a stake of some 30 per cent for some time.

A dawn raid on September 24 lifted this to more than 50 per cent, and since that time SG has boosted its holding to around 58 per cent by further purchases in the market.

SG's bid for Tanks is part of a wider strategy involving a merger with Union Miniere, the former Belgian Congo copper producer, and Compagnie Financiere Europeene et d'Outre-mer (Finoutremer).

The deals would greatly strengthen SG's position in the non-ferrous metals sector in Belgium, which the company believes is worth around BFr 120bn (£1.7bn) a year. The Tanks committee agreed that the reorganisation was a sensible concept, but said it was unconvinced by the proposed terms.

The difference between the valuation of Tanks' assets by SG and the committee of Tanks directors arose from the sums attributed to the 10.2 per cent stake in Australia's Ashton Mining, the 100 per cent-owned Tanks Oil and Gas and the 17.6 per cent holding in Union Miniere.

The London share market, which has valued Tanks at a few pence above SG's offer recently, was unimpressed by the document, and the price of tanks fell 6p to 450p yesterday.

# Metals Ex seeks UK support

AUSTRALIA's Metals Exploration is to follow up its attempts to remove two directors from the veteran gold producer North Kalgurli Mines, including the chairman, with a letter to 500 shareholders in the UK seeking proxy support.

Metals Ex also wants to increase the number of directors from five to eight, including four nominees of its own. This would give the company control of North Kalgurli, with four board seats out of seven and one vacancy, even though it owns only 20 per cent of the issued capital.

Sir Thomas Webb, chairman of Metals Ex, said yesterday that North Kalgurli was not properly developing the Fimiston gold mine, on the famous "Golden Mile" in Western Australia, and he also criticised attempts to diversify the company into uranium and oil exploration.

These diversification attempts, he said, were "distracting and questionable," and might lead to a "less than adequate approach."

# Hopkinsons at £1.6m midway

THE SHARP swing back into profit reported by Hopkinsons Holdings for the second half of 1980/81 continued in the first six months of the current year—but at a slightly reduced level.

*For the period to July 31 1981* taxable profits emerged at £1.66m, which compares with a loss of £94,000 for the corresponding period a year ago and a surplus of £1.74m for the second six months.

The interim dividend, however, is being maintained at 1.5p net per 50p share—for 1980/81 a final of 4.15p was paid.

The directors say market difficulties are showing no signs of abating and acceptable levels of activity in some areas are proving to be not possible although currently they say "the second half of the year looks profitable."

The pre-tax surplus for the first half was boosted by lower interest charges of £184,000 (£266,000), borrowings having been reduced by profit generation and management actions rather than by any marked fall in stock levels or any exceptional item.

Turnover of the group, which manufactures boiler mountings and valves, improved from £18.96m to £26.88m and trading profits, which were affected by keener margins, came through sharply higher at £1.83m (£21,000). Investment and other income totalled £15,000 (£151,000).

Tax £510,000 (nil). The directors say that in determining the charge an estimate was made of the "All Stocks Index" inflation factor at January 1982 so that stock relief due may be evaluated.

# Exports lift Weeks Assoc.

A 45 per cent boost in exports to £2.04m countered a steep decline in home market sales at Weeks Associates, and left this trailer, industrial and agricultural equipment manufacturer with pre-tax profits of £32,043 for the 28 weeks ended August 16 1981, compared with taxable losses of £115,848 previously.

Group turnover fell from £5.93m to £5.72m.

Mr Wilfred Airey, chairman, says the underlying improving profits trend should certainly continue in the second half.

He explains that because of the increased cost of borrowings and the need to conserve cash, there is no interim dividend again—last year's final was 0.1p nominal payment to retain trustee status. Pre-tax results for 1980-81 53 weeks was £97,332 after loss of £92,486 of subsidiary not consolidated.

Pre-tax figure for 28 weeks was after deducting £93,000 (£55,000) of non-recurring losses at the Fagenham factory—sold in September for £140,000—of Hunton International: the loss for 1980 included a £66,112 loss of a subsidiary not consolidated.

Interest charges took £190,654 against £306,957, and after an extraordinary debit of £30,098 last time—there was no tax charge—the surplus was £32,043 compared with a loss of £145,946. Earnings per share are shown as 0.31p (1.11p loss).

# Philip Hill headway

GROSS INCOME of Philip Hill Investment Trust for the half year to September 30 1981 rose from £5.59m to £6.17m, with an improvement in unfranked income from £1.32m to £2.1m more than offsetting a fall from £4.27m to £4.07m in franked revenue.

Net earnings increased from £3.23m to £3.66m, after administration expenses £333,000 (£311,000), interest £101,000 (£459,000), corporation tax £864,000 (£290,000), tax imputed on franked income £1.19m (£1.28m) and preference dividends £24,000 (same).

Earnings per 25p share are shown to have risen from 3.34p to 3.79p and the net interim dividend is stepped up from 1.8p to 2p at a cost of £1.93m (£1.74m). last year's total payment was 6.1p at a cost of £5.9m.

## INDUSTRIAL INVESTMENTS

### ANGLO-TRANSVAAL INDUSTRIES LIMITED
*Industrial investment and finance company*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 1 029 108 | 658 467 |
| Profit after taxation | 62 715 | 48 258 |
| Earnings per share | 236 cents | 186 cents |
| Dividend per share | 44 cents | 34 cents |

In the buoyant conditions encountered in the economy during the past year all group companies, except Denver Metal Works (Pty) Limited, performed satisfactorily. Profit gains were augmented by the contributions from Grinaker Holdings Limited, Bakers South Africa, Limited and R.I.S.A. Investments (Pty) Limited, the newly-acquired subsidiaries which were consolidated for the first time from their effective dates of acquisition. *Since the beginning of the 1981 calendar year there* has been a slowing down in the economic growth rate and, although it is anticipated that this cyclical trend will persist throughout the current financial year, the industrial group expects to improve profits.

### SOUTH ATLANTIC CORPORATION LIMITED
*Industrial investment group*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 391 793 | 321 511 |
| Profit after taxation | 18 733 | 13 908 |
| Earnings per share | 98 cents | 73 cents |
| Dividend per share | 34 cents | 25 cents |

The food companies performed well during the year and have begun to benefit from the extensive capital expenditure incurred in the modernisation of plants and facilities in recent years. This should ensure further profit improvements in the current year. The Globe Engineering group, which operates mainly in the marine engineering field, once again experienced difficult trading conditions.

### AVGRIN HOLDINGS LIMITED
*Industrial holding company*

During the year Anglo-Transvaal Industries Limited acquired, through a re-arrangement of its engineering interests, control of Grinaker Holdings Limited, a leading company in the field of civil engineering with diversified interests in other sectors of engineering. The control of this company is exercised through Avgrin Holdings Limited, which holds 53 per cent of the ordinary share capital in Grinaker Holdings Limited. The shares in Avgrin Holdings Limited are held as to 72 per cent by Anglo-Transvaal Industries Limited and its subsidiary, Globe Engineering Works Limited, and the balance of 28 per cent by Mr O. W. Grinaker and his family. The results of Grinaker Holdings Limited are shown under the building, construction, engineering and allied industries section.

### AVTEX HOLDINGS LIMITED
*Industrial holding company*

Anglo-Transvaal Industries Limited has created a textile division which is controlled through Avtex Holdings Limited, a wholly-owned subsidiary. That company has acquired directly from Anglo-Transvaal Industries Limited its 95 per cent holding in South African Fine Worsteds (Pty) Limited and purchased the entire issued ordinary share capital of R.I.S.A. Investments (Pty) Limited, which controls textile companies that manufacture fabrics and knitted cloth from which a wide range of ladies' and men's wear is fashioned. With effect from 1 July 1981 a 50 per cent interest in Gelvenor Textiles (Pty) Limited was acquired. The results of these subsidiaries — other than Gelvenor Textiles (Pty) Limited — are shown under the textile section.

## FOOD AND PACKAGING

### T. W. BECKETT AND COMPANY LIMITED
*Packer and distributor of tea and coffee*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 73 189 | 66 370 |
| Profit after taxation | 5 232 | 4 023 |
| Earnings per ordinary share | 87 cents | 67 cents |
| Dividend per ordinary share | 40 cents | 31 cents |

More stable commodity prices on world markets enabled the company to absorb increases in the costs of labour and services and it is significant that, at a time when other primary foodstuffs have become progressively more expensive, the company's selling prices were generally kept constant. The sale of higher quantities of the main products, tea and ground coffee, together with a tight control on manufacturing costs, resulted in the improved profit. The capital expenditure programme undertaken at the company's Isando works has progressed satisfactorily and the new production facility for coffee creamer was brought on-stream in the last quarter of the year. The second instant coffee tower is expected to be producing within the next six months.

### CEREBOS FOOD CORPORATION LIMITED
*Manufacturer and distributor of foodstuffs*

The benefits of the first full year of operations since the merger of the businesses of Food Corporation (Pty) Limited and Cerebos (Africa) Limited in December 1979 were reflected in the substantially higher consolidated taxed profit of R1 119 000 (1980: R219 000). Demand for all the company's products was firm throughout the year, but some profit margins were under pressure as a result of raw material cost increases, particularly of agricultural produce. Further improvements in market penetration and profitability are expected in the coming year. Since the end of the financial year the authorised capital of the company has been increased by the creation of a further 1 000 000 ordinary shares, of 50 cents each and the issued capital has been increased by 1 464 574 ordinary shares of which 505 945 were subscribed for in cash by South Atlantic Corporation Limited and the balance issued to General Foods (Pty) Limited in exchange for its net trading assets.

### BAKERS SOUTH AFRICA, LIMITED
*Manufacturer of food products*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 127 282 | 89 724 |
| Profit after taxation | 8 112 | 4 573 |
| Earnings per ordinary share | 282 cents | 159 cents |
| Dividend per ordinary share | 100 cents | 70 cents |

The company, which was brought into the Group with effect from 1 January 1981, has had a successful year of operation with turnover increasing by 42 per cent and profit attributable to ordinary shareholders rising by 77 per cent to R8 020 000 (1980: R4 529 000). Part of this improvement was due to the acquisitions made during the year of a majority shareholding in Pakco (Pty) Limited, which manufactures canned and bottled foodstuffs, as well as the purchase of the remaining 50 per cent of the shares in Wimpy Restaurants (Pty) Limited. Demand for the group's products continues to be strong.

### IRVIN & JOHNSON LIMITED
*Food processor and distributor*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 263 348 | 199 534 |
| Profit after taxation | 9 197 | 6 459 |
| Earnings per ordinary share | 32 cents | 22 cents |
| Dividend per ordinary share | 14 cents | 11 cents |

Although the company's total allowable catch of hake has remained constant under the demersal fish quota system, higher sales of products overall resulted in earnings after tax increasing by 42 per cent. The substantial capital expenditure programmes have shown good progress and two new wet-fish trawlers, commissioned from a local shipyard to replace obsolete craft, are expected to be fishing within the next few months. The larger tonnages of foodstuffs being handled by the company have necessitated major warehouse and cold-store expansions and this will be of particular benefit to the processed foods division. A continuing improvement in profitability is expected in the coming year.

### CONCENTRA LIMITED
*Producers of white fishmeal*

A marked drop of more than 30 per cent in the tonnage of raw material processed had the inevitable effect of reducing the after-tax profit for the year to R182 000 (1980: R575 000). This is a direct result of the conservation measures instituted by the authorities to ensure the regeneration of demersal fish resources through the introduction of fish quotas. As it is unlikely that quotas will be increased in the near future, no profit improvement can be expected in the coming year.

### CONSOL LIMITED
*Manufacturer of glass, plastic and corrugated board packaging and glass tableware, and processor of industrial silica sands*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 150 100 | 114 300 |
| Profit after taxation | 16 935 | 12 415 |
| Earnings per share | 273 cents | 200 cents |
| Dividend per share | 105 cents | 75 cents |

Consumer spending remained high throughout the year with a sustained demand for the group's products. The favourable business conditions, further product innovations and productivity gains helped boost sales and profit to record levels. The new glass factory at Clayville, the first phase of which is expected to cost R36 million, will commence production during 1982. Although an increased profit is again expected in the current year, the improvement will not be as significant as in the past year.

## BUILDING, CONSTRUCTION, ENGINEERING AND ALLIED INDUSTRIES

### ANGLO ALPHA LIMITED
*Cement, lime, industrial minerals and stone aggregate producer*

| From consolidated interim report | Six months ended 30 June 1981 R000 | 1980 (unaudited) R000 |
|---|---|---|
| Sales | 107 271 | 85 192 |
| Profit after taxation | 13 257 | 6 619 |
| Earnings per share | 44,1 cents | 22,0 cents |
| Dividend per share | 16,0 cents | 11,5 cents |

Favourable conditions in the building and construction industries resulted in an increased demand for the company's products. Results were further improved by increased investment income and the inclusion for the first time of a new subsidiary, Cappa-Sacks (Pty) Limited. Cement sales volume increased by 17 per cent, which was in line with those of the industry. As a result of capacity constraints, old facilities were recommissioned. A further improvement in earnings is expected during the next six months. Sales volumes and turnover in the lime and industrial minerals division increased, mainly as a result of additional capacity commissioned. Profits in these divisions improved substantially as did those in the stone division, despite a lower contribution from the sale of gold-bearing waste rock. Growth in net earnings for the year should exceed the 20 per cent forecast in the 1980 annual report.

### GRINAKER HOLDINGS LIMITED
*Civil engineering contractor and engineer*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit after taxation | 16 552 | 9 510 |
| *Earnings per share* | *253 cents* | *180 cents* |
| Dividend per share | 80 cents | 48 cents |

The above results include the profits of National Bolts Limited and Claude Neon Lights (S.A.) Limited from 1 January 1981, the effective date on which these companies became subsidiaries. Activity in the contruction industry increased markedly and more realistic margins were available. This division achieved outstanding results and produced record levels of turnover and profit. Order books are at healthy levels and prospects for the current year are excellent. The pre-cast division increased its profit significantly and will benefit from a current expansion to its product base and facilities. The profit of the electronics division declined, due mainly to costs incurred on significant export orders which were anticipated but did not materialise. However, its position in the market remains strong. *The coal mining activities have assumed greater significance since the* acquisition of a 50 per cent interest in a company engaged in the export of coal. Rights and options over further coal reserves are being secured, but no contribution to profit can be expected from this source in the short term. A further increase in the consolidated profit is expected in the current year.

### GLOBE ENGINEERING WORKS LIMITED
*Marine, electrical and general engineer*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit after taxation | 2 709 | 2 375 |
| Earnings per ordinary share | 76 cents | 71 cents |
| Dividend per ordinary share | 42,5 cents | 35 cents |

The marine division was adversely affected by the recessionary conditions overseas and the deferment of profit on a major contract — the largest in the company's history — which will be completed in the new year. The industrial and electrical divisions benefited from the buoyant local conditions. During the year the company disposed of its investment in James Brown & Hamer Limited at a profit of R843 000. The outside shareholdings in Shipwrights and Engineers Holdings, Limited were acquired on a share exchange basis. The major part of the company's surplus funds were utilised to acquire, through Avgrin Holdings Limited, an effective 16 per cent interest in Grinaker Holdings Limited.

### CLAUDE NEON LIGHTS (S.A.) LIMITED
*Supplier of advertising services and signs*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Profit after taxation | 2 202 | 1 799 |
| Earnings per ordinary share | 39 cents | 31 cents |
| Dividend per ordinary share | 16 cents | 12,5 cents |

Demand for the company's services was high throughout the year and sales were at record levels. As a result manufacturing facilities were fully utilised. A new office and factory facility is to be built in Durban during the current year in place of premises presently rented. The company has a full order book and prospects for improved profit are good.

### NATIONAL BOLTS LIMITED
*Manufacturer of industrial fasteners*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 62 714 | 51 040 |
| Profit after taxation | 4 816 | 3 587 |
| Earnings per ordinary share | 96 cents | 73 cents |
| Dividend per ordinary share | 39 cents | 25 cents |

Demand for the company's products remained firm and turnover increased by 23 per cent. Notwithstanding fierce competition, both from local producers and increased fastener imports, profit improved markedly. The company's plant modernisation programme, now in its second year, is continuing and is expected to enhance market competitiveness and industry leadership. The stringent monetary controls introduced by the authorities have resulted in a scarce and expensive money supply situation and customers' capital projects are likely to be deferred. Although this must have an adverse effect on the company's performance, it is nevertheless budgeting for an increased profit in the current year.

### DENVER METAL WORKS (PROPRIETARY) LIMITED
*Manufacturer of non-ferrous products*

The company experienced difficult trading and operating conditions and both its non-ferrous manufacturing operations and its Protea scrap metal trading division incurred major losses. The market for the company's manufactured goods was subject to fierce competition. In addition the book values of both raw material and finished stock had to be written down in response to the declining London Metal Exchange copper price. Losses totalling R1,9 million were incurred. Over and above this, the company's Protea scrap division lost R2,2 million — the result of a price war and stock write-downs to accommodate the falling copper price. The erection of a new factory at Boksburg is on schedule and commissioning will commence late in 1982, when the company's presently scattered operations will be consolidated. Marked benefits in physical security and operational control should be achieved on the new site. A return to profitability is anticipated in the current year.

### STEELMETALS LIMITED
*Engineering supplier and contractor*

| From consolidated financial statements | Year ended 30 June 1981 R000 | 1980 R000 |
|---|---|---|
| Sales | 61 647 | 49 200 |
| Profit after taxation | 3 706 | 2 392 |
| Earnings per share | 149 cents | 113 cents |
| Dividend per share | 40 cents | 35 cents |

Demand from the company's principal markets remained buoyant and turnover increased by 25 per cent. Profit margins were maintained and profit improved strongly notwithstanding a loss — although much reduced from last year — from plant hire operations and a write-off of an amount due on a contract previously closed. The company's order book is at record levels, but the anticipated slow-down in the economy could retard investment programmes and reduce demand for the company's products and services. Overall and notwithstanding the negative factors highlighted above, it is anticipated that the company will again increase profits in the current year.

### TRISTEL HOLDINGS (PROPRIETARY) LIMITED
*Steel merchant*

Turnover and profit rose to record levels with increased contributions coming from both the local merchanting and export divisions. Facilities were expanded further to cater for the increased volumes. The consolidated profit after taxation of R3 929 000 (1980: R3 588 000) was substantially reduced by the company having adopted the last-in first-out basis of stock valuation. A further increase in profit is expected in the current year.

## TEXTILES

### R.I.S.A. INVESTMENTS (PROPRIETARY) LIMITED
*Industrial holding company*

The entire issued share capital of this investment company was acquired by the Avtex group with effect from 1 March 1981. The company, through its two main subsidiaries, Puma (Pty) Limited and Pastel Clothing Company (Pty) Limited, is engaged in the business of knitting, dyeing and printing of various fabrics together with their conversion to clothing for the ladies' and men's wear markets. The results of operations during the four months since acquisition have been at planned levels and further progress is expected during the current year.

### SOUTH AFRICAN FINE WORSTEDS (PROPRIETARY) LIMITED
*Manufacturer of fine quality worsted cloth*

Additional capacity introduced during the past year was fully utilised in meeting increased demand for the company's products. Piece sales and turnover reached record levels and a profit after tax of R2,2 million (1980: R1,9 million) was earned. Further expansion of the company's facilities is necessary and plans have been drawn up to purchase additional plant. The first full year of operations of the subsidiary, Universal Knitters & Weavers (Pty) Limited, has been highly satisfactory and plans have also been made to transfer its plant to a larger site in the Roodepoort municipal area. Greater market penetration and higher profits are expected from both companies.

## OTHER

### COMBINE CARGO LIMITED
*Clearing and forwarding and ships agency*

The buoyant economic conditions which prevailed throughout most of the financial year enabled the company to further develop its position in the market and profit after taxation for the year increased to R651 000 (1980: R571 000). The associate company, Combine Ocean S.A. (Pty) Limited, which was formed at the beginning of the year to handle all aspects of ships agency operations, has shown a modest profit and both companies are expected to further improve their positions during the coming year.

## ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

Registered Office:
Anglovaal House
56 Main Street
Johannesburg
London Secretaries:
Anglo-Transvaal
Trustees Limited
295 Regent Street
London W1R 8ST

*The Annual General Meeting of the Company will be held at 09h30 on 20 November 1981 at the registered office of the Company.*

## Portsmouth Sunderland static at halftime

ALTHOUGH TAXABLE profits of Portsmouth and Sunderland Newspapers remained static at £1.31m, against £1.3m, for the 26 weeks to September 26 1981 the directors point out that the comparative figures were affected by a loss estimated at £500,000 as a result of a national dispute.

After 13 weeks pre-tax earnings were £196,000 higher at £736,000.

Turnover for the half year improved from £10.25m to £12.52m.

The pre-tax surplus included income from investments lower at £35,000 (£128,000) and interest on short-term deposits of £307,000 (£204,000).

Tax took £328,000 (£353,000) which included a transfer from deferred tax of £175,000 (£300,000).

After extraordinary debits of £96,000 (nil) for goodwill written off purchase of shops the attributable profit showed a decline from £943,000 to £889,000.

Stated earnings per 25p share, before extraordinary item less the cost of preference dividends, moved ahead from 7.8p to 8.2p but the net interim dividend is held at 1p—for 1980-81 a final of 2.25p was paid from pre-tax profits of £3.09m.

Current cost accounting reduces the taxable figure for the half year to £526,000 (£573,000).

## Hunting Assoc. moves to £2.2m

FOR THE first half of 1981 taxable profits of Hunting Associated Industries advanced from £1.76m to £2.21m on turnover ahead at £81.36m, compared with £76.03m. At the trading level, however, profits emerged £1.03m lower at £1.55m.

The directors point out that although the overall results appear to be better than those of the same period for 1980, after taking into account the share of trading losses of the discontinued Channel Islands aviation companies last time of £1.25m group trading profits were appreciably lower in the first six months and reflect the effects of the recession.

They say that the subsidiaries are continuing to encounter difficult conditions and their profits for the year are expected to be significantly lower. The associated companies, however, are showing an improvement—in the first half their share of profits increased from £433,000 to £659,000.

Tax for the six months took £676,000 (£625,000) and after minority debits of £166,000 (£227,000) attributable profits came through at £1.37m, against £907,000.

Stated earnings per share increased from 7.43p to 11.14p basic and from 5.57p to 8.36p diluted but the net interim dividend is the same at 2.5p per 25p share—for 1980 a final of 2.5p was paid from taxable profits of £6.05m.

The group's interests include aviation support, engineering, resource surveys and photography.

### ● comment

Hunting Associated has run into a moderate headwind. Only the elimination of last year's losses in Channel Island avaition has allowed for any appearance of progress in the first half of 1981. On a like-for-like basis, trading profits have fallen by about two-fifths. Aviation support has inevitably been less profitable, given the worldwide air transport slump. And although defence engineering held up comparatively well, Hunting's other engineering has tended to struggle. Borrowings climbed fast during 1980, and have not much changed since the year end, leaving the balance sheet about 50 per cent geared. The group's only dynamic element at the moment seems to be its 24 per cent stake in Hunting Petroleum, whose much-increased profits are responsible for most of the 52 per cent rise in Associated's associate income. Unfortunately for holders of Associated, Petroleum has increased its dividend only by a conservative 12½ per cent. Full-year profits of £4.5m seem unlikely to be much exceeded by Associated, suggesting a fully-taxed and diluted multiple in the low 20s. The shares have come back by 90p since May, but they still yield less than 3 per cent, at yesterday's unchanged 260p.

## Modern Engineers in the red midterm

FOR THE first half of 1981 Modern Engineers of Bristol (Holdings), the industrial building erector, fell well into the red. The directors forecast only a reduction in the rate of losses for the second six months and, although the net interim dividend is held at 1p, they warn that the final payment will very much depend on the outcome of second half trading. Last year's total dividend was 3p.

The taxable deficit for the first half totalled £229,281. This compares with profits of £130,388 for the corresponding period and £119,000 for the last full year.

Turnover at the interim stage showed a fall from £4.57m to £3.63m. There was no tax charge, against £75,965, and the loss per 25p share is stated at 7.6p (1.8p earnings).

The directors report that the recession has affected all activities and the company has been working at low capacity on commercially unviable price levels.

Despite continuing strenuous efforts, the company has only recently managed to increase the volume of work to break-even capacity.

However, when an upturn in the economy and construction industry occurs, the company is well placed to secure its proper share of the market, the directors add.

## £1.25m setback at Coates Bros.

PRE-TAX profits of Coates Brothers, printing ink manufacturer, supplier to the printing industry, fell by £1.25m to £3.06m for the six months ended June 30, 1981, but the interim dividend has been maintained at 0.88p net per share. Turnover increased slightly from £53.21m to £54.17m.

Sir Richard Anthony Meyjes, chairman, says that trading in the UK remained at a very depressed level throughout the first quarter, but an improvement in both sales and profitability in the second three months has been maintained.

Pre-tax profits for the full year should be close to the £7.48m of 1980, he states, although the attributable balance will probably be lower as a result of heavier tax charges this year.

Sir Richard adds that overseas trading has continued buoyant with improving profitability, and that group liquidity continues to be satisfactory.

Tax for the six months takes £1.36m against £1.79m, and after minority interests of £183,000 (£167,000) and an extraordinary credit of £43,000 (nil) the attributable balance came out at £1.56m, compared with £2.35m.

Earnings per share are shown as 3.73p (5.81p).

Comparative figures for 1980 were restated to reflect the change in accounting policy at December 31 relating to additional replacement cost depreciation—pre-tax profit was increased by £253,000 as a result.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Arbuthnot Sterling Fund, R. H. Cole, Davies and Newman, Howard and Wyndham, S. Jerome, Stanley Miller, Ovenstone Investments, Platignum, UBM.

Finals: C.L.R.P. Investment Trust, J. Hepworth, Unread, New Sylhet, Priest Marians, Wood Hall Trust.

FUTURE DATES

Interims—

| | |
|---|---|
| Allied Irish Banks | Nov 11 |
| Beecham | Nov 18 |
| British Investment Trust | Nov 5 |
| F.daily Radio | Nov 4 |
| Sainsbury (J.) | Nov 4 |
| Sheffield Brick | Nov 4 |
| Usher-Walker | Nov 4 |
| Whitbread | Nov 10 |

Finals—

| | |
|---|---|
| Hermon Smith | Nov 6 |
| Majedie Investments | Nov 2 |
| Wemyss Investment | Nov 5 |

## 20th CENTURY HARDWARE

Mr Martin Page, of Peat Marwick Mitchell, has been appointed receiver and manager of 20th Century Hardware of Caxton Way, Thetford, Norfolk.

Mr Page says trading will continue for a limited period, but some two-thirds of the present work force of 41 are being made redundant.

## BANK RETURN

| | Wednesday Oct. 28 1981 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 40,991,522 | — 188,318 |
| Bankers Deposits | 518,306,565 | + 29,418,398 |
| Reserve & other Accounts | 1,579,189,906 | + 41,490,394 |
| | 2,153,040,994 | + 70,774,880 |
| Assets | | |
| Government Securities | 538,855,069 | + 27,555,857 |
| Advances & other Accounts | 1,043,623,706 | + 805,348 |
| Premises Equipment & other Secs. | 542,682,553 | + 39,189,798 |
| Notes | 27,662,550 | + 3,522,403 |
| Coin | 217,016 | — 12,527 |
| | 2,153,040,994 | + 70,774,880 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes issued | 10,600,000,000 | + 25,000,000 |
| In Circulation | 10,572,337,450 | + 21,477,597 |
| In Banking Department | 27,662,550 | + 3,522,403 |
| Assets | | |
| Government Debt | 11,015,100 | |
| Other Government Securities | 8,404,940,042 | + 9,863,859 |
| Other Securities | 2,184,044,858 | + 15,136,551 |
| | 10,600,000,000 | + 25,000,000 |

## LONDON TRADED OPTIONS

Oct. 29. Total Contracts 453. Calls 248. Puts 205.

| Option | Ex'rcise price | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 300 | 21 | 6 | 34 | 3 | 44 | — | 300p |
| BP (c) | 330 | 13 | 2 | — | — | — | — | " |
| BP (p) | 280 | 11 | 5 | 15 | — | — | — | " |
| BP (p) | 300 | 18 | 1 | 28 | — | 34 | 1 | " |
| BP (p) | 330 | — | — | 42 | — | 50 | 40 | " |
| Cons. Gld (c) | 500 | 27 | 9 | 45 | — | 63 | 4 | 480p |
| Court'lds (c) | 50 | 6 | 1 | 9½ | — | 12½ | 6 | 80p |
| Court'lds (c) | 60 | 2½ | — | 4½ | — | 8 | 2 | " |
| GEC (c) | 750 | 83 | — | 42 | 2 | — | — | 584p |
| Gr'd Met. (c) | 160 | 13 | 10 | 18 | — | 38 | — | 152p |
| ICI (c) | 260 | 23 | 6 | 35 | 3 | 45 | — | 288p |
| ICI (c) | 280 | 11 | 52 | 22 | 31 | — | — | " |
| ICI (c) | 300 | 7 | 9 | 12 | — | — | — | " |
| ICI (p) | 240 | 6 | 4 | 12 | — | — | — | " |
| ICI (p) | 260 | 12 | 1 | 17 | 10 | 14 | — | " |
| ICI (p) | 280 | 22 | 19 | 26 | — | 21 | — | " |
| ICI (p) | 300 | 34 | 12 | 38 | 25 | — | — | " |
| Land Sec.(c) | 288 | 17 | 1 | — | — | — | — | 283p |
| Land Sec.(c) | 330 | — | — | 16 | 2 | — | — | " |
| Land Sec.(c) | 355 | 3 | 2 | — | — | — | — | " |
| Shell (c) | 360 | 32 | 1 | 44 | — | 56 | — | 354p |
| Shell (c) | 390 | 15 | 3 | 24 | 6 | 38 | — | " |
| Shell (p) | 330 | 6 | — | 11 | — | 13 | 2 | " |
| Shell (p) | 360 | 14 | 2 | 18 | — | 20 | — | " |
| Shell (p) | 390 | 30 | — | 34 | 20 | 36 | — | " |
| | | November | | February | | May | | |
| Imperial (p) | 60 | 3½ | — | 4½ | — | 5½ | 60 | 59p |
| Lonrho (c) | 70 | 6 | — | 9 | 4 | 11½ | — | 72p |
| Lonrho (p) | 70 | 2 | — | 5 | 5 | 7 | — | " |
| P & O (c) | 100 | 4½ | 3 | 10 | — | 12½ | — | 101p |
| Racal (c) | 420 | 5 | — | 19 | 1 | 23 | — | 381p |
| Racal (c) | 460 | 2 | 30 | 10 | 1 | 18 | — | " |
| Racal (p) | 350 | 8 | 3 | 20 | — | 27 | — | " |
| Racal (p) | 390 | 20 | 8 | 32 | — | 40 | — | " |
| Racal (p) | 420 | 42 | 9 | 47 | — | 52 | 10 | " |
| RTZ (c) | 460 | 15 | 2 | 37 | — | 50 | — | 442p |
| RTZ (c) | 500 | 6 | — | 27 | 6 | 48 | — | " |
| RTZ (c) | 600 | 1 | 3 | 10 | — | 15 | — | " |
| RTZ (p) | 460 | 30 | 2 | 37 | — | 46 | — | " |
| Vaal Rfs. (c) | 60 | 2¾ | 5 | 8 | 11 | 9½ | — | 851 |
| Vaal Rfs. (p) | 60 | 3 | — | 6 | 5 | 6½ | — | " |

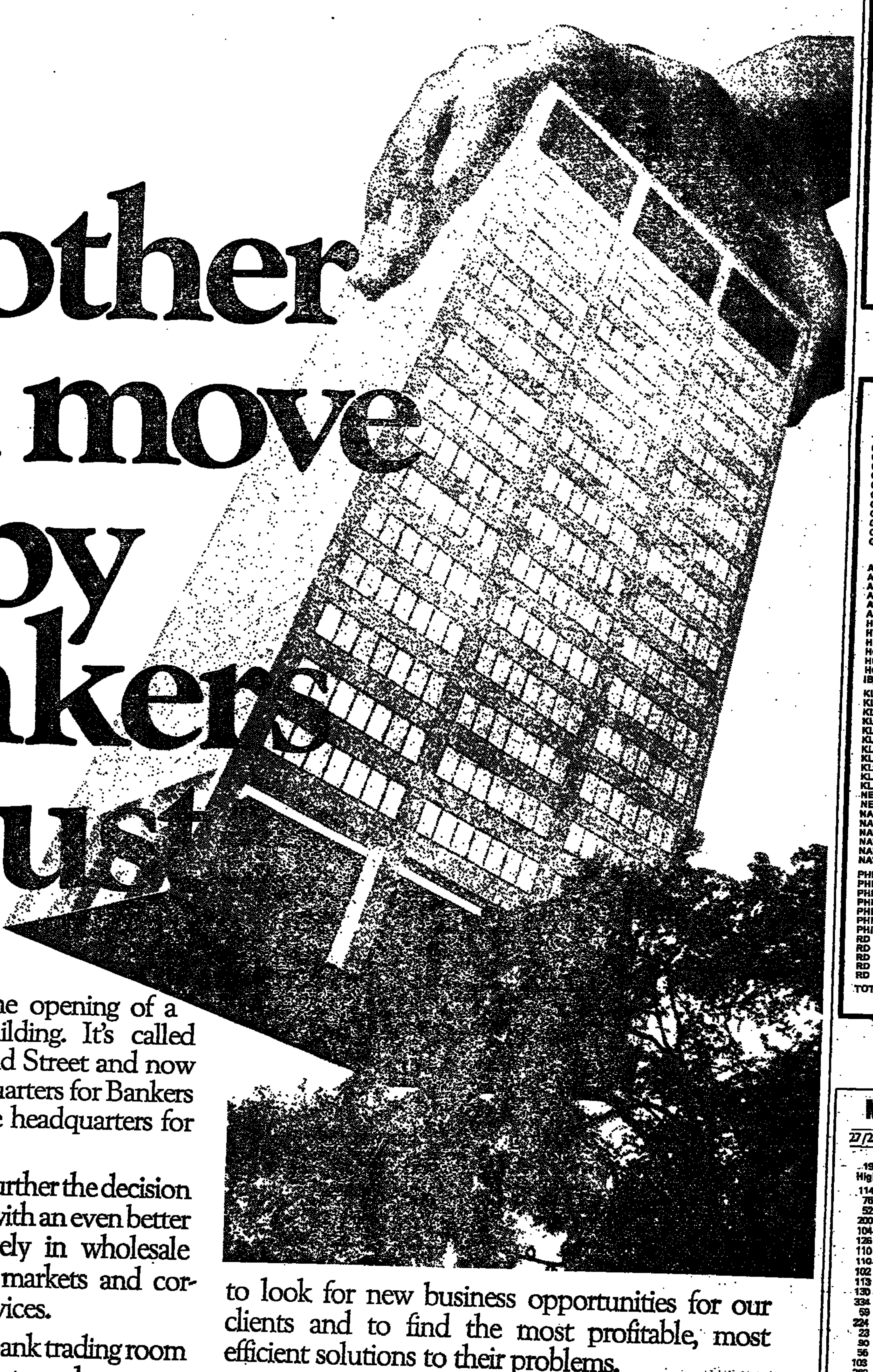
C=Call P=Put

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | May Vol. | May Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $400 | 1 | 32 | — | — | — | — | $426 |
| GOLD C | $425 | 80 | 15 | — | — | — | — | " |
| GOLD C | $450 | 12 | 5 | — | — | — | — | " |
| GOLD C | $475 | 5 | 1.30 | 8 | 15 | — | — | " |
| GOLD C | $500 | 5 | 1 | — | — | — | — | " |
| GOLD C | $525 | 5 | 0.60 | — | — | — | — | " |
| GOLD P | $375 | — | — | 11 | 4.50 | — | — | " |
| GOLD P | $400 | 10 | 3.50 | 28 | 10 A | — | — | " |
| GOLD P | $425 | 43 | 12 | — | — | — | — | " |
| GOLD P | $450 | 7 | 26 | 3 | 31 | — | — | " |
| GOLD P | $475 | 2 | 48 | — | — | — | — | " |
| | | Jan. | | April | | July | | |
| ABN C | F.280 | 8 | 9 | — | — | — | — | F.280 |
| AKZO C | F.22.50 | 150 | 1 | — | — | — | — | F.21.40 |
| AKZO C | F.25 | 2 | 0.50 | — | — | — | — | " |
| AKZO P | F.22.50 | 2 | 1.70 | — | — | — | — | " |
| AMRO C | F.50 | 2 | 3 | — | — | 5 | 5 | F.50.30 |
| AMRO C | F.55 | — | — | — | — | 14 | 3 | " |
| HEIN C | F.45 | — | — | — | — | 16 | 6.40 | F.45.50 |
| HEIN C | F.50 | 20 | 1.60 | — | — | — | — | " |
| HEIN P | F.50 | — | — | 5 | 5 | — | — | " |
| HOOG C | F.15 | 106 | 0.60 | 30 | 1.40 | — | — | F.14 |
| HOOG C | F.17.50 | — | — | 50 | 0.80 | 20 | 1.10 | " |
| HOOG P | F.15 | — | — | 10 | 1.70 | 2 | 1.80 | " |
| IBM P | $60 | — | — | 2 | 3⅜ | — | — | $49⅞ |
| KLM C | F.90 | 14 | 16.50 A | — | — | — | — | F.101.80 |
| KLM C | F.100 | 182 | 11.10 | 4 | 15.50 | — | — | " |
| KLM C | F.110 | 313 | 7.50 | 3 | 11.50 | — | — | " |
| KLM C | F.120 | 196 | 4.50 | 35 | 8 | — | — | " |
| KLM C | F.130 | 177 | 2.90 | — | — | — | — | " |
| KLM C | F.140 | 56 | 1.90 | — | — | — | — | " |
| KLM C | F.150 | 3 | 1 A | — | — | — | — | " |
| KLM P | F.80 | 11 | 1 | 27 | 2.30 | — | — | " |
| KLM P | F.90 | 128 | 2.70 | — | — | — | — | " |
| KLM P | F.100 | 82 | 6.80 | 17 | 9.50 B | — | — | " |
| KLM P | F.110 | 23 | 12.50 | — | — | — | — | " |
| NEDL C | F.140 | 6 | 6.80 | — | — | — | — | F.141 |
| NEDL C | F.160 | 13 | 2.30 | — | — | — | — | " |
| NATN C | F.110 | 5 | 3.50 | — | — | — | — | F.106.80 |
| NATN C | F.115 | 2 | 1.50 | 3 | 2.90 | 6 | 3.50 | " |
| NATN C | F.120 | 20 | 0.60 | — | — | — | — | " |
| NATN P | F.105 | 12 | 1.50 | 7 | 3 | — | — | " |
| NATN P | F.110 | — | — | 8 | 5 | — | — | " |
| NATN P | F.120 | 2 | 13.30 | — | — | — | — | " |
| PHIL C | F.17.50 | — | — | 11 | 3.20 | — | — | F.19.20 |
| PHIL C | F.20 | 26 | 0.90 | 7 | 1.60 | — | — | " |
| PHIL C | F.22.50 | 35 | 0.40 | 210 | 0.70 | 43 | 1 | " |
| PHIL C | F.25 | 558 | 0.30 | 10 | 0.40 | — | — | " |
| PHIL C | F.27.50 | 15 | 0.10 | — | — | — | — | " |
| PHIL P | F.17.50 | 100 | 0.70 | 10 | 0.60 | — | — | " |
| PHIL P | F.20 | 28 | 1.70 | — | — | — | — | " |
| RD C | F.70 | 8 | 14 | — | — | — | — | F.81.50 |
| RD C | F.80 | 41 | 6.50 | — | — | — | — | " |
| RD C | F.90 | 91 | 2.50 | 45 | 5.20 | — | — | " |
| RD C | F.100 | 50 | 0.90 | 6 | 2.50 | — | — | " |
| RD P | F.70 | 19 | 0.80 | — | — | — | — | " |

TOTAL VOLUME IN CONTRACTS 3446

A=Asked B=Bid C=Call P=Put



# APPOINTMENTS

## Amalgamated Metal changes

Mr J. Stegmann chief executive of AMALGAMATED METAL CORPORATION and managing director of Preussag's metal division, has relinquished his position as chief executive to Mr H. Juenke, finance director of AMC. Mr Stegmann will remain a non-executive director of AMC. Mr Heinz-Juergen Vocht, a senior executive of Preussag, has been appointed a director of AMC. Mr D. W. Gow, Mr R. M. Jackson and Mr T. G. Lock, who are senior group executives of AMC, have been appointed alternate directors.

★

Mr S. J. Cockburn has been appointed chairman of CHARLES CLIFFORD INDUSTRIES, following the resignation of Mr O. R. Jessel. Mr V. I. Masterton-Hume and Mr T. A. Lewis have also resigned from the board. Mr J. D. Roberts has been appointed secretary.

★

Mr Graham F. Pimlott, a partner in Lovell, White and King, solicitors, will be seconded as secretary to the Stock Exchange PANEL ON TAKE-OVERS AND MERGERS from November 2.

★

At BRITISH INTERNAL COMBUSTION ENGINE RESEARCH INSTITUTE Mr M. L. S. Flint has been appointed a director. Mr D. S. D. Williams and Mr E. J. Nestorides have retired from the board.

★

Mr Roger A. Pinnington has been appointed a vice president, TRW Overseas Inc., located in London, and has been elected deputy chairman (non-executive), CAM GEARS. He has resigned as managing director. Mr Douglas S. Leese remains chairman, (non-executive), Cam Gears. Mr Alan T. Fletcher has been appointed managing director, Cam Gears, and Mr Robert M. Lynas (U.S.) a TRW (Automotive World Wide) Inc. vice president, has joined the Cam Gears board. The company is a subsidiary of TRW Inc., Cleveland, Ohio.

★

Sir Harry Hookway has accepted an invitation to serve as chairman of the BRITISH COUNCIL LIBRARIES ADVISORY COMMITTEE. He is deputy chairman and chief executive of the British Library Board.

★

Mr Michael J. Mallett, chairman and chief executive of NEILL TOOL GROUP, who is already chairman of Neill Tools, will assume the additional post of managing director of Neill Tools following the resignation of Mr A. A. Taberner, who has become managing director of Record Ridgway. Mr G. W. Ward, an executive director of James Neill Holdings (the parent company of Neill Tool Group) will become deputy chairman of Neill Tools.

★

MARINEX PETROLEUM, which holds oil exploration and development licences on onshore sites in southern England, has appointed Mr Peter Clarke as managing director. He joins Marinex from Mesa Petroleum Co., where he was vice president international responsible for exploration activities in Australia. The company's founder and previous managing director, Mr D. W. Williams, now becomes deputy chairman, to concentrate on new exploration opportunities.

★

Mr C. W. Claydon, southern regional transport manager of EXPRESS DAIRIES, has reached his 65th birthday and retires after 36 years' service with the company on October 31.

OVERSEAS

## Far East chief for Croda

DAF TRUCKS announces the retirement of Mr David Mansell from the Eindhoven-based board of management in 1982. While Mr Mansell will reach pensionable age in June, he will remain in office until the year end for a smooth transition with his successor, Mr A. Van der Padt, a fellow member of the board of management currently responsible for DAF Trucks special products division.

★

PREMIER CONSOLIDATED OILFIELDS, British independent exploration and production company, announces that Dr Krishna M. Persad has joined the staff as manager of the exploration and production in Trinidad. Other appointments in Trinidad: Mr Alfred Olliverre as production manager, Mr Bilaal Abdullah as information resources manager and Mr Alan Jaikaran as projects and services manager. Dr Persad was formerly chief geologist of Trinidad and Tobago Oil Company, the State company, where Mr Abdullah and Mr Olliverre were *also executives*. Mr Jaikaran was formerly head of special production projects for Trinidad-Tesoro.

★

Mr Robert D. Kunisch of Redding, Connecticut, president of Homequity, Inc, Wilton, Connecticut, relocation management services company, has been appointed executive vice president with the firm's parent company, PHH GROUP, Hunt Valley, Maryland. He will contiune as president of Homequity.

★

Mr Paul Hudson has been appointed representative director for Asia and Australasia by CRODA INTERNATIONAL. He will be responsible for developing and directing Croda's operations in the area extending from India in the west to Hawaii in the east and from Japan in the north to New Zealand in the south. The appointment takes effect in early 1982 when Mr Hudson will relinquish his post as managing director of Croda Organic Chemicals for which Mr D. C. Jackson, deputy chairman of Croda International, will take full responsibility as executive chairman.

★

The FIRST NATIONAL BANK OF BOSTON has appointed Mr Peter Graham Bates as vice-president and general manager of the bank's Paris branch. In addition, he was made general manager of Boston Credit-Bail, SA, an affiliate of First National Boston Corporation that provides leasing and equipment financing.

An International Group in many fields of textiles

# COATS PATONS

LIMITED

## Interim Announcement

Unaudited results for January/June 1981 and the comparative figures for 1980 are as follows:—

| | Jan./June 1981 £000s | Jan./June 1980 £000s | Year 1980 £000s |
|---|---|---|---|
| Turnover | 389,946 | 345,512 | 689,423 |
| Trading profit before charging depreciation | 42,411 | 37,453 | 80,625 |
| Less Depreciation | 8,023 | 7,265 | 14,225 |
| Trading Profit | 34,388 | 30,188 | 66,400 |
| Interest and other charges | 8,686 | 6,575 | 13,903 |
| | 25,702 | 23,613 | 52,497 |
| Profits of associated companies | 1,141 | 1,392 | 2,792 |
| Investment and other income | 1,304 | 1,673 | 10,665 |
| Profit before taxation | 28,147 | 26,678 | 65,954 |
| Taxation | 13,739 | 11,178 | 23,529 |
| | 14,408 | 15,500 | 42,425 |
| Investment grants | 225 | 164 | 361 |
| Profit after taxation | 14,633 | 15,664 | 42,786 |
| Interest of minority shareholders | 2,215 | 2,225 | 4,286 |
| Profit before extraordinary losses | 12,418 | 13,439 | 38,500 |
| Extraordinary losses | — | 1,085 | 5,278 |
| | 12,418 | 12,354 | 33,222 |
| Preference dividends | 24 | 24 | 48 |
| Profit earned for ordinary shareholders | 12,394 | 12,330 | 33,174 |
| Ordinary dividends | 3,874 | 3,874 | 11,068 |
| Profit retained | 8,520 | 8,456 | 22,106 |
| Earnings per ordinary share of 25p | 4.5p | 4.8p | 13.9p |
| U.S. Dollar rate of exchange used — Dollars per £ | $1.85 | $2.40 | $2.39 |

Sales at £390 million (1980 £346 million) rose by 13%. There was an increase of £57 million for price changes and £5 million due to exchange with volume £18 million down.

Trading profits increased by £4.2 million, or 14%. Lower volume was compensated by price increases and cost savings leaving margins little changed at 8.8%. Exchange movements overall reduced profits by £2 million. OECD currency movements increased profits by £6 million, while devaluations, mostly in Latin America, reduced them by £8 million.

The increase in the interest charge of £2.1 million was largely due to rising borrowing costs in Brazil.

The rate of tax at 49% is substantially higher than the rate for full year 1980, which benefited from tax-free sales of assets. Profits improved in certain high rate overseas markets whilst losses in markets where trading is depressed cannot be grouped for tax.

Profits before taxation in the Current Cost Accounts reduces to £11.6 million (1980 £26.7 million pre-tax historical, £10.7 million pre-tax current cost).

Group borrowings compared with shareholders' funds are expected to increase to 35% by the end of 1981 (1980 31.9%).

Trading conditions have been uneven from market to market. Local profit levels have been maintained in North America and Australia and improved in Latin America. In Europe and the UK business has been depressed but there has been some buoyancy in fashions. It is expected that these trends will continue in the immediate future.

An unchanged interim dividend of 1.4p per share will be paid on 31st December 1981, to ordinary shareholders on the register on 13th November 1981.

هكذا من الأصل

ALL MALT WHISKIES are good. A few, sublime. Among these, there is some gentlemanly jostling for pride of place.

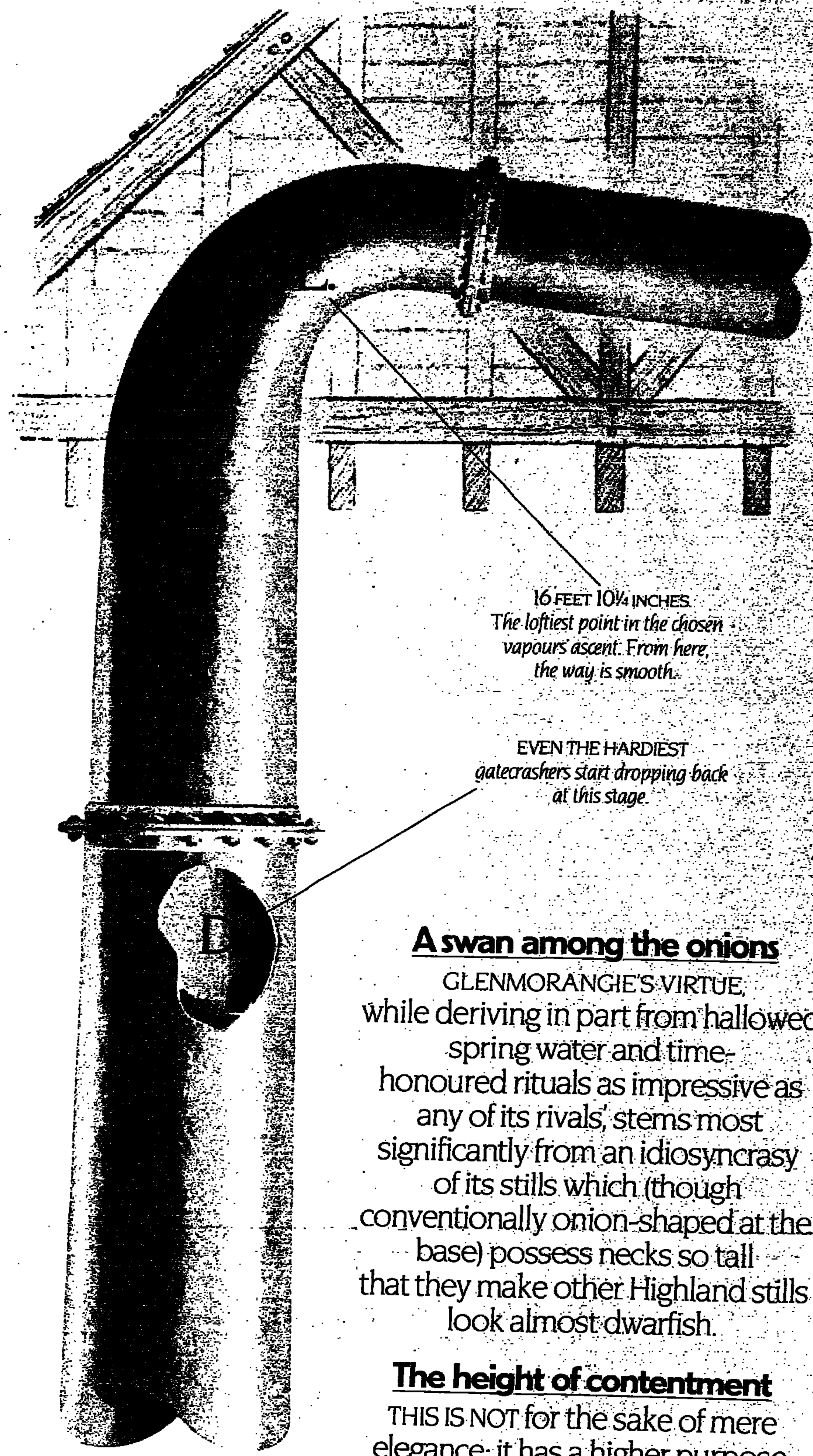
## The Old Contenders

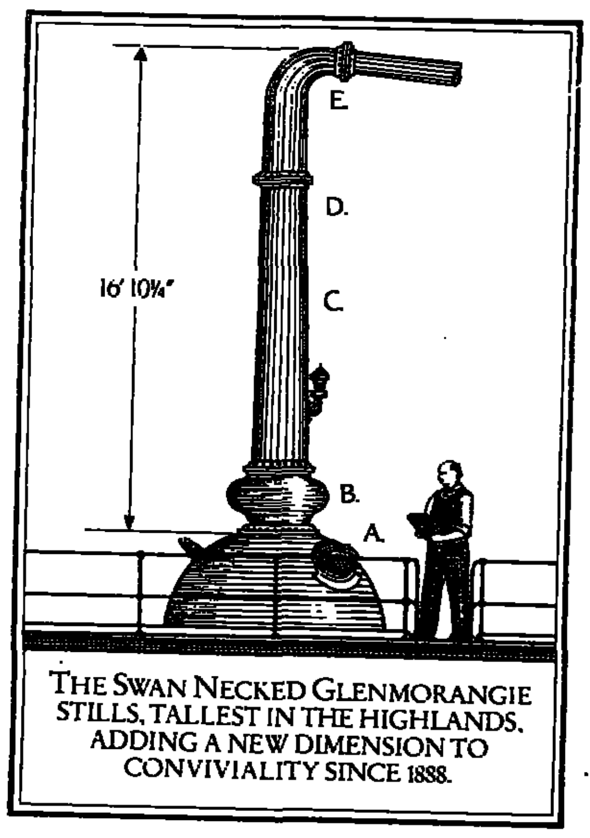
SOME POINT TO their product's mist-shrouded history; some to their peat and their barley; others yet to the chilly waters of the burn that feeds the distillery; or to the length of time the finished liquor matures and burgeons in the wood.

## Primus inter pares

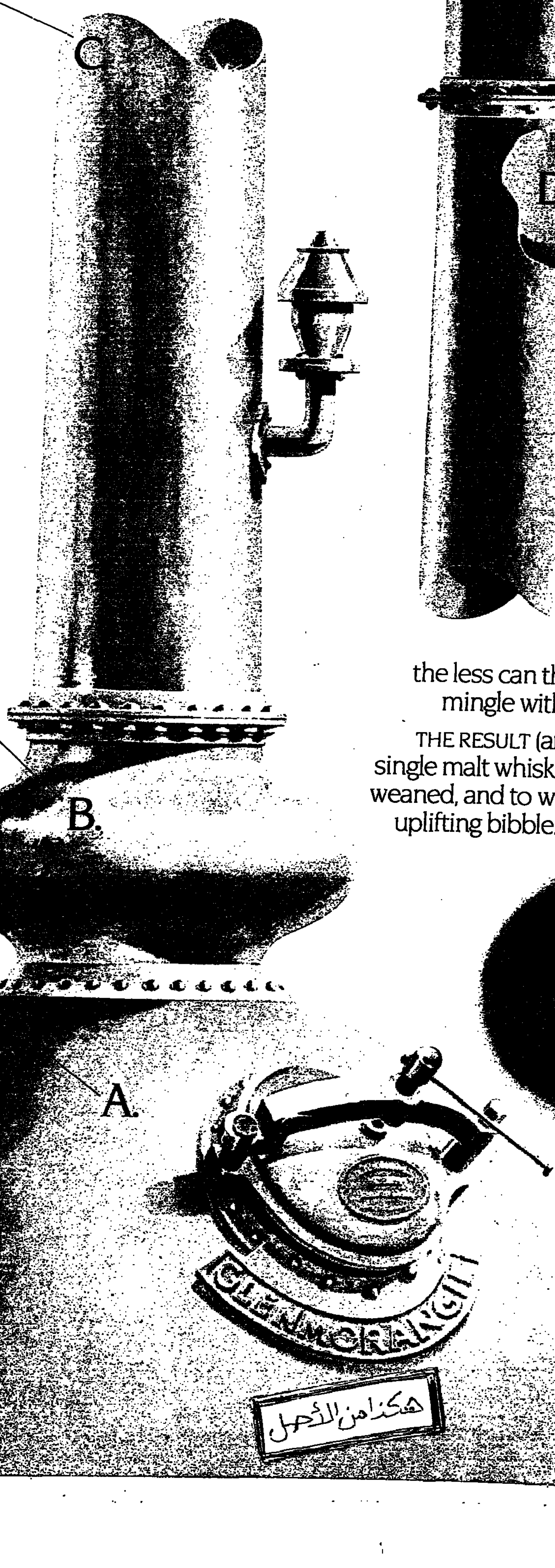
ONLY ONE, HOWEVER, stands literally head and shoulders above the rest.

ITS NAME IS GLENMORANGIE, a saffron-gold malt of the most singular sweet-temper and purity.





THE SWAN NECKED GLENMORANGIE STILLS, TALLEST IN THE HIGHLANDS, ADDING A NEW DIMENSION TO CONVIVIALITY SINCE 1888.



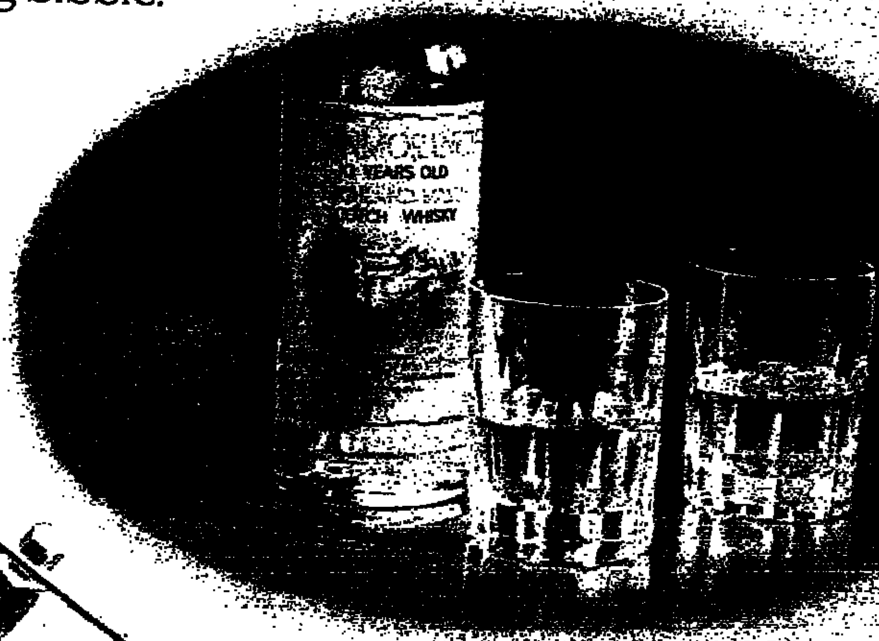
## A swan among the onions

GLENMORANGIE'S VIRTUE, while deriving in part from hallowed spring water and time-honoured rituals as impressive as any of its rivals', stems most significantly from an idiosyncrasy of its stills which (though conventionally onion-shaped at the base) possess necks so tall that they make other Highland stills look almost dwarfish.

## The height of contentment

THIS IS NOT for the sake of mere elegance; it has a higher purpose. The taller the neck of the still, the less can the heavier elements and grosser oils climb to mingle with the purer vapours that ascend to the top.

THE RESULT (after ten years' slumber in oaken casks) is a single malt whisky from which initiates obstinately refuse to be weaned, and to which newcomers vow dedication from the first uplifting bibble.



# A little nearer heaven than other Malt Whiskies.

**GLENMORANGIE**

The Glenmorangie Distillery Company, Tain, Ross-shire. Established 1843.

# BIDS AND DEALS

## J. W. Wassall agrees on Benson terms

J. W. Wassall, a loss making footwear retailer, has reached agreement whereby Benson Shoe, a privately owned shoe retailing company based in Leicester, will make an offer for the publicly quoted company on terms valuing it at £420,000.

The terms are 29p cash for the ordinary shares, 18½p cash for the deferred ordinary shares and 40p cash for the preference. The ordinary shares closed 5p higher at 29p, after a brief suspension earlier in the day.

The directors of Wassall holding 39.6 per cent of the ordinary, 66.6 per cent of the deferred and 2 per cent of the preference capital have given irrevocable undertakings to accept the offer. Benson already holds 52,000 ordinary shares.

Wassall's 45 shoe shops are in Birmingham and the West Midlands which the companies say complements the geographical spread of Bensons shops which are in the East Midlands and the North.

Wassall made a loss before tax of £36,963 in the year ended March 31 1981, compared with a profit of £72,000. Turnover for that year amounted to £2.28m. Net tangible assets at March 31 stood at £456,737.

Benson showed a profit of £25,223 for the year ended January 31 1981 on a turnover of £1.61m. Net tangible assets were £1.18m.

## Elliott wins takeover inquiry

THE Takeover Panel is inquiring into the composition of a concert party involving Jenks and Cattell, the Wolverhampton-based manufacturer of garden tools, and shareholders of Elliott Group of Peterborough, the building and joinery company.

The move has been made at the request of Elliott Group which has been resisting a takeover bid worth about £7.5m from Jenks and Cattell.

Jenks has received irrevocable acceptances from the holders of 1.63m shares (12.2 per cent) and holders of a further 1.91m shares (14.24 per cent) in Elliott who are in concert with Jenks in connection with the offer. Elliott is concerned that a substantial and uncommitted shareholder may have been counted as supporting Jenks.

Malaysian interests, which hold more than 15 per cent in Elliott, are the parties understood by Elliott to have committed themselves to the Jenks offer in the notified acceptances.

## Pyramid talks may signal bid

Pyramid Group (Publishers), the London based publishing advertising and printing group, is engaged in talks which could lead to a bid being made for the company.

A statement from the group yesterday said that "an approach had been received which may lead to an offer." At the same time the group called a halt to dealings in the company's shares. At the suspension price of 50p the company is valued at £1m.

The company would not comment on the bid approach yesterday. Any deal would have to be agreed as the board, together with family interests, control more than 70 per cent of the shares. Goldheath, a company controlled by Mr Remo Dipre's Starwest Investment Holdings, has a stake of 22.68 per cent, built up from 9.63 per cent in 1979.

The company — which is being advised by Carr Sebag and Co.—is not expected to make a further statement until next week.

The group reported profits up from £211,000 to £234,000 in the year 1980, but much of this growth is due to interest receivable higher from £85,000 to £108,000. Turnover improved from £1.42m to £1.47m — the publishing side was up from £665,000 to £785,000, the promotion and mailing services division increased from £92,000 to £120,000 while printing suffered a decline from £840,000 to £797,000.

### FIELDWOOD EXTENDS OFFER FOR BRAHAM

Fieldwood has extended its offer for Braham Millar for a second time despite receiving only minimal acceptances. The new closing date is November 4.

After the first closing date Fieldwood had received acceptances representing some 2 per cent of the Braham capital and yesterday Barclays Merchant Bank announced that the acceptance level had risen to 2.31 per cent. Prior to the offer—24p cash per Braham share—Fieldwood held 13.9 per cent of Braham's shares.

Braham has rejected the offer all along as "totally unacceptable."

## Icahn chasing further 20% of Simplicity

MR CARL C. ICAHN, the U.S. investor, is stepping up his attempts to thwart the takeover ambitions of Mr Graham Ferguson Lacey's NCC Energy for Simplicity Pattern by launching a $28.75m tender offer for about 20 per cent of Simplicity's shares.

Together with the stakes already held by other companies headed by Mr Icahn, this would give his grouping a 31.5 per cent stake in Simplicity, which is the largest U.S. maker of paper patterns for clothes. Mr Lacey's bid is designed to channel the loss-making Simplicity's cash reserves into energy exploration.

Under the proposals for taking control of Simplicity, both NCC and Simplicity are to become subsidiaries of a newly formed holding company in which NCC will have control.

However, the proposals demand a two thirds majority at Simplicity in favour of the deal. Bayswater Realty and Capital Corporation, which is making the tender offer through Bayswater Acquisition Corporation, said if its tender was successful it would be in a position to defeat the transaction.

Bayswater's offer allows it to buy fewer than the 2.5m shares for which it is tendering, but it also allows for a withdrawal if there is a material change in the ownership of Simplicity's shares.

Bayswater has arranged for up to $21m to be available through National Bank of North America, the NatWest subsidiary, for the tender, which is expected to begin on November 3.

When the Icahn-led group bought its 11 per cent stake in Simplicity in August the group said it was likely to vote against the merger at the meetings due to be held soon.

### A. CAIRD SELLS STORE INTEREST

A. Caird and Sons has agreed to sell to the Bank of Scotland about one half of its retail store in Dundee, with entry on February 28 1982. The consideration is £600,000, of which £300,000 has been received, the balance of £300,000 being payable on the date of entry.

The costs of division of the building are being met by the company and are estimated at £81,000. The book value attributable to the part of the building sold is £103,000.

A professional revaluation of land and properties was received in March 1981. After the sale, the value of the remaining land and properties on the basis of the revaluation would be about £1.3m.

## Talks over offer for Grange Trust

Grange Trust states that tentative discussions have taken place between Morgan Grenfell and Company—advisers to Grange—and S. G. Warburg and Company—advisers to the Courtaulds pensions' common investment fund—with a view to reaching a form of agreement on an offer which could be recommended to ordinary holders of Grange.

The directors of Grange say they are surprised that definite terms are now being proposed without their approval. A Board meeting of Grange is to be held today following which more detailed advice will be given to stockholders.

Laing and Cruickshank yesterday purchased in the market 258,940 ordinary shares of Grange at 146p on behalf of Courtaulds.

## Associated Eng. in R10m deal with IMI

Associated Engineering (Asseng) the 66 per cent owned South African subsidiary of UK group Associated Engineering, has sold half of its Silverton radiator division to heat transfer engineering company, IMI, for R10m.

Of the selling price R7m will be used to reduce Asseng's borrowings and to repay Silverton's loan account, it is stated.

On a pro-forma basis, Silverton's pre-tax profit was R3.3m (R2.2m) in the year ended September 30 1981 and turnover R34m (R27.1m).

### ARBUTHNOT LATHAM

Merrill Lynch Pierce Fenner and Smith has purchased 1,037,500 ordinary shares in Arbuthnot Latham Holdings. The shares were bought assented to the cash offer for Arbuthnot Latham ordinary by Dow Scandia Banking Corporation.

De Zoete and Bevan sold 1,037,500 ordinary Arbuthnot Latham assented to the offer on behalf of London Trust Company, an associate of Arbuthnot Latham.

### BOWMAKER TALKS

Discussions are understood to be well advanced, with a number of partners for the sale of Bowmaker, the UK credit finance subsidiary of Marsh and McLennan companies, the world's largest insurance broker.

Earlier this month Marsh, a U.S. based company, announced that it intended to sell Bowmaker following its takeover of C. T. Bowring, the UK insurance broker which owned the credit finance group.

● CHRISTINE MOIR LOOKS AT TILLING'S BID FOR BEREC

## A cornerstone for expansion

AT FIRST sight Thomas Tilling's decision to try and rescue Berec from the unwelcome clutches of Hanson Trust is at odds with Tilling's much-publicised acquisitions philosophy.

Yesterday, however, Sir Patrick Meaney, Tilling's chief executive, explained away the apparent anomalies.

First of all Tilling prides itself on "not paying over the odds" in acquisitions. Sir Patrick describes himself as being "just as mean as Hanson." Yet it has come in with a bid for Berec which, when it was launched, was 30 per cent higher than Hanson was prepared to pay. (The subsequent drop in Tilling's share price eroded the differential, however.)

Sir Patrick does not regard Tilling's offer price as too generous. He pointed out that the offer represents a substantial discount to Berec's assets of just under £130m, and is confident that in the first full year after next February, Berec's profits will meet not just Tilling's minimum requirements for an acquisition but will represent a premium over the price paid.

Still, initially the acquisition will result in a dilution of Tilling's earnings and although Sir Patrick believes that will be "temporary" it is still unusual for a company which normally demands an immediate full contribution

Secondly Berec would upset the careful international balance of assets Tilling has been painstakingly creating over the past two years or more.

At the end of last year around 35 to 40 per cent of Tilling's net tangible assets of £423m were invested in the U.S., following £300m of acquisitions and capital expenditure in the past two years. Around 10 per cent of its assets were in Continental Europe; 7 per cent in the Far East and elsewhere; and about 40 per cent in the UK.

Berec, a UK company, would represent just under 25 per cent of the group's enlarged assets, and would therefore tilt the balance quite sharply. However, Sir Patrick said yesterday that Tilling had wanted to enter a brand new sector for some time and for the past four years or so had been looking for a UK acquisition in a new field worth around £100m to £150m. It has been talking to Berec, itself, on and off for two years.

In any case, he said, the acquisition does not inhibit further purchases in the U.S. which have all been for cash. Tilling's intends to keep growing in the U.S. to balance its UK businesses.

It also intends to use Berec as a "cornerstone" for building up businesses by exploiting the Ever Ready brand name.

The strategic prospects for developing Berec, Sir Patrick said, explained Tilling's decision to depart from its usual policy of buying small to medium-sized companies which could be easily digested. This will, if it succeeds, be Tilling's largest acquisition. Hitherto, the most it has paid was £50m or so for Intermed, a medical supplies group in the U.S.

It also explains why Tilling chose to enter a bid battle, something it generally avoids. The last contest it was involved in was with Associated Engineering to buy Fluidrive, and in the event Tilling pulled out of the battle.

In any case Sir Patrick denies that a "White Knight" enters a contest in the same way as normal contestors. He does, after all, have Berec board's belief that Tilling would be a friendlier home than Hanson.

Like Hanson, Tilling is a true conglomerate. It has no fewer than 12 different types of businesses, ranging from insurance to publishing by way of building materials, engineering and distribution.

However, like Hanson it maintains a "hands-off" management policy, leaving the existing management to get on with the business and offering only tight central financial controls from head office.

Hanson has called Berec's senior management "inept" and proposes many changes. Tilling has promised to leave the management intact. That must be one of the major factors behind the wholehearted recommendation by Berec's board.

## Gates buys Chloride holding

Gates Corporation, parent company of Gates Energy Products, of Denver, Colorado, announced in London yesterday that the U.S. battery company has bought the 50 per cent shareholding that Chloride Group held in Chloride-Gates Energy.

This joint venture, formed in 1977 to market the Gates sealed lead acid battery throughout the UK and Europe, has 40 employees. Net asset value of the transaction was £180,000.

The company's name has been changed to Gates Energy Products and will still be based in Cranleigh, Surrey. As a part of the purchase, Gates acquired the world rights to the "Cyclon" trademark, identified with Gates batteries being marketed in Europe.

Gates Energy has also acquired Varley Special Batteries, North Acton, from Berec Group.

Gates plans to continue the Varley special battery line under the new name, Gates-Varley and install equipment in the North Acton facility for production of the Gates Cyclon product line.

Gates intends to expand its presence in selected battery market areas. These acquisitions "give us a solid base for expanding our presence in the European market," the company said.

### ROSEHAUGH

On October 27 London Mercantile Investments disposed of 130,000 Rosehaugh Co. ordinary shares, leaving holding of 1.55m (22.43 per cent).

This disposal was made in conection with arrangements under which LMI will now be relieved of its obligation under agreements entered into in 1979.

Trustees of settlements established by Mr G. M. Bradman, which together indirectly control LMI, are interested in 100,000 ordinary shares (1.45 per cent).

Immediately following the above mentioned disposal the trustees of the settlements, together with LMI, were interested in 1.65m ordinary shares (23.88 per cent).

### VOSPER/YARROW

Vosper, a subsidiary of David Brown Holdings, has increased its shareholding in Yarrow and Co. from 22.94 per cent to 24.19 per cent. Vosper now holds 967,500 ordinary shares.

### JETSAVE

Mr Reg Pycroft, managing director of Jetsave, the tour operating subsidiary of Associated Communications Corporation, had "no comment" to make yesterday on suggestions that he was planning to buy back a majority stake of 85 per cent which was acquired in his company by ACC in May last year.

ACC acquired its 85 per cent in Jetsave for an undisclosed sum. At the time of the purchase Lord Grade said "the acquisition of Jetsave provides a spring board for ACC's entry into the booming North American holiday and travel business." Mr Pycroft retains a 15 per cent stake in his company.

### BARDSEY/RCF ACCEPTANCES

Acceptances for Bardsey's recommended offers for RCF have been received in respect of 6.555m ordinary and 98.444 preference shares (representing 79.14 per cent and 71.75 per cent respectively).

Bardsey and its subsidiaries now own 7.42m ordinary and 98.444 preference (89.61 per cent and 71.75 per cent).

Following the reorganisation of the share capital of RCF, each issued ordinary share is now represented by one deferred share of 25p and one new ordinary share of 0.1p.

The offer has been declared unconditional and will remain open for acceptances until further notice.

Messrs N. Styles, D. M. Saunders and J. J. Potter have resigned as directors of RCF and Messrs P. A. Tett, A. H. Westropp and P. S. Jackson have been appointed to the board. Mr P. A. Tess has been appointed chairman in succession to Mr C. R. Gray.

### UNITED SPRING U.S. PURCHASE

United Spring and Steel Group has agreed to acquire the whole of the issued common stock of the Earle Gear and Machine Company Inc of the U.S. for $1.91m (£1.05m). Of this $500,000 will be paid in cash from existing resources, and a the balance will be provided by a loan, repayable in equal instalments over seven years.

Earle manufactures operating machinery for vertical lift, swing and bascule bridges and is the leading manufacturer of this type of equipment in the U.S.

For the year to June 30 1980 the profits before tax of Earle amounted to $112,136 and the underlying net assets value at that date was $950,972.

### SPAIN

| October 29 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 324 | |
| Banco Central | 312 | +3 |
| Banco Exterior | 300 | |
| Banco Hispano | 300 | |
| Banco Ind. Cat. | 117 | |
| Banco Santander | 379 | +1 |
| Banco Urquijo | 210 | |
| Banco Vizcaya | 344 | |
| Banco Zaragoza | 216 | |
| Dragados | 139 | −4 |
| Espanola Zinc | 70 | |
| Fecsa | 68.7 | +0.2 |
| Gal. Preciados | 39 | −2 |
| Hidrola | 76.7 | +1.0 |
| Iberduero | 57.7 | +0.2 |
| Petroleos | 101 | +3.3 |
| Petroliber | 82 | |
| Sogefisa | 51 | |
| Telefonica | 78 | −0.2 |
| Union Elect. | 73 | +0.5 |

# Bambers improves and lifts interim payout

AGAINST A background of an "extremely depressed economy" Bambers Stores boosted its pre-tax profits from £1.12m to £1.48m for the six months to August 1 1981 on higher turnover of £18.1m, compared with £13.81m.

Although trading difficulties are continuing the directors remain optimistic of achieving a satisfactory result for the year as a whole. They point out that the group is well placed to take advantage of any future upturn that may occur in the economy.

Meanwhile, they are stepping up the interim dividend from 0.65p to 0.8p net per 10p share —a rise of 23.07 per cent. For 1980-81 a final of 0.9p was paid from taxable profits of £4.4m.

The pre-tax surplus for the half-year included profit on disposals of property which amounted to £374,000 (£417,000).

Tax, estimated at 8.78 per cent being the maximum rate which is considered will be payable for the current year, took £130,000 (£212,000) leaving the net balance at £1.35m, against £910,000.

Stated earnings per share emerged higher at 3.75p (2.53p).

Since the beginning of the year the group, which manufactures and retails ladies' and children's wear, has opened a further eight branches and now operates well over 200 establishments throughout the UK.

**● comment**

Bambers has become a two-pronged company. For the last three reporting periods, profits on property disposals have made up more than a third of pre-tax profits and this time the figure is 39 per cent. Sales continue to expand rapidly, thanks to Bambers' healthy appetite for new stores. The group's trading profits, however, have expanded ahead of its percentage increase in square footage, which was more than 20 per cent in the past 12 months. Still, the group is unable to forecast future profits on property disposals and it says trading in the second half has not started well. At least 10 more stores are planned to be opened in the second half. If trading in the period matches that of last year, the company's profits, ex-property, should reach £3m before tax. With the shares up 1p to 64p, this means the trading side of the business offers a prospective fully-taxed p/e of nearly 16, which is somewhat more demanding than the store group's average. Bambers is hoping to make it through the recession with a continued emphasis on larger stores (up to 22,000 sq ft) and a wider range of clothing. It should pay a similar increase at the final, giving the shares a prospective yield of 4.3 per cent.

# Overseas lift for Brit. Assets

PRE-TAX REVENUE rose for British Assets Trust from £6.6m to £7.41m for the year to September 30 1981. The final dividend, as predicted in August, is 1.05p, making a total for the year of 4.05p, compared with a total of 3.5p last time, including a special payment of 0.3p.

The rise in revenue, say the directors, can be attributed partly to dividend growth from the overseas portfolio and more significantly to the rise in the dollar, which appreciated 32 per cent against sterling during the year. Earnings per share rose to 4.44p (4.18p).

The UK dividend income, excluding extra from Shell, was unchanged reflecting the difficult industrial environment in the UK.

In the last annual statement the chairman stated that dividend payments should increase during the year, but the increase was likely to be lower than during the past few years.

Pre-tax profits were struck after interest and expenses of £1.37m (£1.65m). Tax took £3m (£2.45m). Net asset value was higher at 119.34p (114.21p).

# BSG returns to profit mid-term

A TURNROUND from pre-tax losses of £440,000 to profits of £514,000 was shown by BSG International for the half year to June 30 1981. Turnover was lower at £123.3m compared with £156.7m last time.

The future "is difficult if not impossible to forecast," say the directors of this industrial holding company, especially now that interest rates have increased again.

In a statement in June the chairman said that the first quarter of 1981 had produced a small profit after interest charges and as this trend had continued the directors were confident that the company would show a profit during the first half.

In May and June the company received £1.7m from property sales and it has further properties for sale which should realise more than £2.5m. Borrowings are expected to be considerably reduced by the end of the year.

Pre-tax profits were struck after associate losses of £53,000 (nil) and interest charges of £5.38m (£3.96m). Overseas tax took £136,000 against a credit previously of £13,000. Attributable profits came out at £303,000, compared with a loss last time of £469,000, after minorities of £75,000 (£42,000).

An interim dividend of 0.1p is being paid to retain trustee status.

**● comment**

BSG International is making a reasonable show of post-surgical recovery. In the first six months pre-interest margins on the reduced turnover were slightly higher: at 2.85 per cent, they were fairly respectable, by recent motor-trade standards. After a very good month's sales when X-registration Fords became available, demand has slackened, however, and prospects for the rest of the year now look rather bleak. Sales of property, and of the Kolb business making steering-column locks, have enabled BSG to reduce borrowings by some £4m, but there are negligible book-profits in these cash-raising transactions, so the effect on an oppressive level of capital gearing is not significant. At least operating profits now cover the interest charge, so the group is no longer running through its equity while it reorganises. The shares fell ½p to 14p.

# Border Breweries rises

DESPITE PRESSURE on sales Border Breweries (Wrexham) increased taxable profits from £474,000 to £506,000 and turnover from £7.45m to £8.2m in the half year to August 31 1981.

The interim dividend is being increased to 1.4p net (1.3p) per 25p share, following a total last year of 4.9p on pre-tax profits of £903,701. Earnings per share for the six months are stated at 3.398p (3.507p).

Looking to the second half they foresee no significant increase in sales—but improved efficiency and productivity together with reduced interest costs should maintain profits.

Attributable profits emerged at £364,866 (£339,553) after tax of £188,000 (£175,000) and extraordinary credits of £44,866 (£40,553).

# Headlam Sims to pay more

TAXABLE PROFITS of footwear manufacturer Headlam, Sims and Coggins moved ahead from £202,419 to £224,502 in the half year to July 31 1981 on higher sales of £2.63m against £2.45m last time.

The interim dividend is being increased to 1.4p (1.1p) net per 5p share and the directors say the final will not be less than 1.5p. This compares with 2.37p paid last year on pre-tax profits of £400,174.

Earnings per share for the six months are given as 3.65p (3.29p).

Mr A. H. Coggins, chairman, says R. Coggins and Sons once again performed well and continues to be the major contributor to profits. Sales prospects in the second half are most encouraging and the results for the full year should be a record.

Introduction of new lines had a marked effect on the sales of Simlam. At the end of the half year the percentage increase was 21.6. This increased to 25.9 overall by the end of September and the full year's results should show the highest level of profit ever achieved, Mr Coggins says.

The directors are expecting excellent results for the year and their projections show sales of £5m (£4.46m) and profits before tax of £400,000 (£300,175). To ensure that the company continues to grow, they are considering new ventures and have started a pilot retailing scheme.

Tax took £116,744 (£105,147) while current cost adjustments reduced taxable profits to £173,619 (£66,628).

# J. Smart improvement

IN THE year to July 31 1981 building and public works contractor J. Smart and Co (Contractors) increased taxable profits from £1.39m to £1.52m on turnover of £14.32m compared with £13.92m.

The final dividend is being increased to 2.6p (2.3p) net per 10p share making a total of 3.6p (3.16p). Earnings per share are given as 8.25p (6.82p).

Tax took £685,051 (£699,999) and after a release of deferred tax for stock relief no longer required of £882,965 (nil), the attributable profits came out at £1.71m (£687,447). Dividends absorbed £178,523 (£156,968) leaving retained profits of £1.54m (£530,479).

# B. BAILEY CONST. AT £86,475

Taxable profits of building contractor and estate developer Ben Bailey Construction plunged from £335,939 to £86,475 in the year ended June 30 1981 on lower turnover of £3.77m (£5.31m).

The final dividend has been cut to 0.56p (1p) net per 10p share making a total of 1p (1.44p). Earnings per share are stated at 1.65p (6.49p).

There was a tax credit of £54,657 (£144,095 charge). The comparative figures have been amended to reflect a change in accounting policies relating to deferred stock relief.

The company produces beers, soft drinks and fruit juices, wholesalers and retails beers.

# WORLD VALUE OF THE DOLLAR

**Bank of America NT & SA, Economics Department, London**

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 28, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 50.08 |
| Albania | Lek | 5.5595 |
| Algeria | Dinar | 4.1875 |
| Andorra | Fr. Franc | 5.7765 |
| | Sp. Peseta | 98.00 |
| Angola | Kwanza | 27.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Peso (C) (4) | 6167.00 |
| | Peso (F) (5) | 8225.00 |
| Australia | Dollar | 0.8828 |
| Austria | Schilling | 16.12 |
| Azores | Port. Escudo | 66.67 |
| Bahamas | Dollar | 1.00 |
| Bahrain | Dinar | 0.3769 |
| Balearic Is. | Sp. Peseta | 98.00 |
| Bangladesh | Taka | 17.75 |
| Barbados | Dollar | 2.01 |
| Belgium | Franc (C) | 38.34 |
| | Franc (F) | 42.43 |
| Belize | Dollar | 2.00 |
| Benin | C.F.A. Franc | 288.825 |
| Bermuda | Dollar | 1.00 |
| Bhutan | Ind. Rupee | 9.1912 |
| Bolivia | Peso | 24.75 |
| Botswana | Pula | 0.8815 |
| Brazil | Cruzeiro | 114.46 |
| Brunei | Dollar | 2.103 |
| Bulgaria | Lev | 0.928 |
| Burma | Kyat | 6.4515 |
| Burundi | Franc | 90.00 |
| Cameroun Rp. | C.F.A. Franc | 288.825 |
| Canada | Dollar | 1.2078 |
| Canary Is. | Sp. Peseta | 98.00 |
| Cape Verde | Escudo | 46.51 |
| Cayman Is. | Dollar | 0.835 |
| Cen. Af. Rep. | C.F.A. Franc | 288.825 |
| Chad | C.F.A. Franc | 288.825 |
| Chile | Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.7817 |
| Colombia | Peso (O) | 56.98 |
| Comoros | C.F.A. Franc | 288.825 |
| Congo P'ple. Rep. of | C.F.A. Franc | 288.825 |
| Costa Rica | Colon (O) | 8.60 |
| | Colon | 20.03 |
| Cuba | Peso | 0.7313 |
| Cyprus | Pound* | 2.2391 |
| Czechoslovakia | Koruna (O) | 5.80 |
| Denmark | Krone | 7.3962 |
| Djibouti Rp. of | Franc | 178.50 |
| Dominica | E. Caribbean $ | 2.7025 |
| Domin. Rep. | Peso | 1.00 |
| Ecuador | Sucre | 28.425 |
| Egypt | Pound* (O) | 1.4493 |
| | Pound* (3) | 1.221 |
| El Salvador | Colon | 2.50 |
| Eq'tl Guinea | Ekuele | 196.00 |
| Ethiopia | Birr (O) | 2.0587 |
| Faeroe Is. | Dan. Krone | 7.3962 |
| Falkland Is. | Pound* | 1.8167 |
| Fiji | Dollar | 0.8963 |
| Finland | Markka | 4.4845 |
| France | Franc | 5.7765 |
| Fr. C'ty in Af. | C.F.A. Franc | 288.825 |
| Fr. Guiana | Franc | 5.7765 |
| Fr. Pac. Is. | C.F.P. Franc | 101.833 |
| Gabon | C.F.A. Franc | 288.825 |
| Gambia | Dalasi | 2.2018 |
| Germany (E) | Ostmark (O) | 2.3012 |
| Germany (W) | Mark | 2.3012 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound* | 1.8167 |
| Greece | Drachma | 58.00 |
| Greenland | Dan. Krone | 7.3962 |
| Grenada | E. Caribbean $ | 2.7025 |
| Guadaloupe | Franc | 5.7765 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 38.5307 |
| Guinea Rep. | Syli | 21.6169 |
| Guyana | Dollar | 2.9881 |
| Haiti | Gourde | 5.00 |
| Honduras Rep. | Lempira | 2.00 |
| Hong Kong | Dollar | 5.9225 |
| Hungary | Forint | 35.00 |
| Iceland | Krona | 7.173 |
| India | Rupee | 9.1912 |
| Indonesia | Rupiah | 630.00 |
| Iran | Rial (O) | 80.95 |
| Iraq | Dinar | 0.2999 |
| Irish Rep | Punt* | 1.538 |
| Israel | Shekel | 13.78 |
| Italy | Lira | 1219.00 |
| Ivory Coast | C.F.A. Franc | 288.825 |
| Jamaica | Dollar | 1.7834 |
| Japan | Yen | 234.55 |
| Jordan | Dinar | 0.3315 |
| Kampuchea | Riel | n.a. |
| Kenya | Shilling | 10.4569 |
| Kiribati | Aust. Dollar | 0.8828 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 687.00 |
| Kuwait | Dinar | 0.2822 |
| Lao P'ple D. Rep. | Kip | 10.00 |
| Lebanon | Pound | 4.695 |
| Lesotho | Loti | 0.9732 |
| Liberia | Dollar | 1.00 |
| Libya | Dinar | 0.2961 |
| Liechtenst'n | Sw. Franc | 1.903 |
| Luxembourg | Lux Franc | 38.34 |
| Macao | Pataca | 6.1564 |
| Madagascar D. R. | Franc | 288.825 |
| Madeira | Port. Escudo | 66.67 |
| Malawi | Kwacha | 0.9255 |
| Malaysia | Ringgit | 2.3035 |
| Maldive Is. | Rupee | 3.93 |
| Mali Rp. | Franc | 577.65 |
| Malta | Pound* | 2.5498 |
| Martinique | Franc | 5.7765 |
| Mauritania | Ouguiya | 5.7765 |
| Mauritius | Rupee | 10.9462 |
| Mexico | Peso | 25.51 |
| Miquelon | Fr. Franc | 5.7765 |
| Monaco | Fr. Franc | 5.7765 |
| Mongolia | Tugrik (O) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 5.4202 |
| Mozambique | Metica | 29.3664 |
| Namibia | S.A. Rand | 0.9732 |
| Nauru Is. | Aust. Dollar | 0.8828 |
| Nepal | Rupee | 13.20 |
| Netherlands | Guilder | 2.5395 |
| Neth. Ant'les | Guilder | 1.80 |
| New Zealand | Dollar | 1.2288 |
| Nicaragua | Cordoba | 10.00 |
| Niger Rp. | C.F.A. Franc | 288.825 |
| Nigeria | Naira (O) | 0.6671 |
| Norway | Krone | 6.011 |
| Oman, Sultanate of | Rial | 0.3456 |
| Pakistan | Rupee | 9.84 |
| Panama | Balboa | 1.00 |
| Papua N.G. | Kina | 0.6801 |
| Paraguay | Guarani | 126.00 |
| Peru | Sol | 487.34 |
| Philippines | Peso | 8.07 |
| Pitcairn Is. | N.Z. Dollar | 1.2288 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Escudo | 66.67 |
| Port Timor | Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Riyal | 3.6397 |
| Reunion Ile de la | Fr. Franc | 5.7765 |
| Romania | Leu (O) | 4.47 |
| Rwanda | Franc | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Pound* | 1.8167 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | Fr Franc | 5.7765 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa (Western) | Tala | 1.0668 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | It. Lira | 1219.00 |
| Sao Tome & Principe DR | Dobra | 39.6254 |
| Saudi Arabia | Riyal | 3.417 |
| Senegal | C.F.A. Franc | 288.825 |
| Seychelles | Rupee | 7.2856 |
| Sierra Leone | Leone | 1.197 |
| Singapore | Dollar | 2.103 |
| Solomon Is. | Dollar | 0.8981 |
| Somali Rep. | Shilling (6) | 6.35 |
| | Shilling (7) | 12.46 |
| South Africa | Rand | 0.9732 |
| Spain | Peseta | 98.00 |
| Span. Ports in N. Africa | Sp. Peseta | 98.00 |
| Sri Lanka | Rupee | 20.94 |
| Sudan Rep. | Pound* (2) | 2.00 |
| Sudan Rep. | Pound* (1) | 1.25 |
| Surinam | Guilder | 1.785 |
| Swaziland | Lilangeni | 0.9732 |
| Sweden | Krone | 5.639 |
| Switzerland | Franc | 1.903 |
| Syria | Pound | 3.9262 |
| Taiwan | Dollar (O) | 37.91 |
| Tanzania | Shilling | 8.1742 |
| Thailand | Baht | 23.00 |
| Togo Rep. | C.F.A. Franc | 288.825 |
| Tonga Is. | Pa'anga | 0.8828 |
| Trinidad & Tobago | Dollar | 2.4063 |
| Tunisia | Dinar | 0.5238 |
| Turkey | Lira | 129.08 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Aust. Dollar | 0.8828 |
| Uganda | Shilling | 78.00 |
| Utd. A'b. Emir. | Dirham | 3.673 |
| Utd. Kingdom | Pound Sterling* | 1.8167 |
| Upper Volta | C.F.A. Franc | 288.825 |
| Uruguay | Peso | 11.29 |
| U.S.S.R. | Rouble | 0.781 |
| Vanuatu | Vatu | 93.3576 |
| Vanuatu | Aust. Dollar | 0.8828 |
| Vatican | It. Lira | 1219.00 |
| Venezuela | Bolivar | 4.29 |
| Vietnam | Dong (O) | 2.18 |
| Virgin Is. Br. | U.S. $ | 1.00 |
| Virgin Is. U.S. | U.S. $ | 1.00 |
| Yemen | Rial | 4.57 |
| Yemen PDR | Dinar | 0.3415 |
| Yugoslavia | Dinar | 38.333 |
| Zaire Rp. | Zaire | 5.86 |
| Zambia | Kwacha | 0.8969 |
| Zimbabwe | Dollar | 0.7194 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) Argentina: June 22 Two Tier Policy adopted. Commercial: Fixed by Central Bank of Imports and Exports. (5) Argentina: Financial allowed a clean float. (6) Somali: Parallel exchange rate introduced July 1—for essential imports. (7) Somali: Exports and Non-Essential Imports and Transfers.

# Dollar weak

Dollar lost ground to other major currencies in fairly active foreign exchange trading yesterday. The easier trend in Eurodollar interest rates contributed to the decline of the U.S. unit, while the market was also influenced by the easing of tension over Poland, and publication of the U.S. leading economic indicators for September, showing a fall of 2.7 per cent, compared with 0.5 per cent in August. Selling was particularly heavy out of New York, although the cut of ½ per cent to 17½ per cent in Continental Illinois National Bank's prime rate was announced too late to affect European trading.

Sterling improved against the dollar, but was not as strong as several major Continental currencies. Despite early gains the pound finished weaker against the D-mark, French franc and Swiss franc.

European currencies rose against the dollar, and the French franc replaced the Danish krone as the strongest member of the European Monetary System. The D-mark, which was very close to its divergence limit on Wednesday, remained the weakest member of the system, but improved slightly overall.

DOLLAR—trade-weighted index (Bank of England) fell to 109.4 from 109.9. It touched a low of DM 2.2670 against the D-mark, and closed at DM 2.27, compared with DM 2.2890. The dollar fell to a low of FFr 5.6525 against the French franc, before finishing at FFr 5.6950, compared with FFr 5.7455, and to a weakest point of SwFr 1.8480, in terms of the Swiss franc, closing at SwFr 1.8575, against SwFr 1.8860. The U.S. currency was slightly firmer against the Japanese yen however, rising to Y234.25 from Y233.90.

STERLING — trade-weighted index (Bank of England) rose to 88.5 from 88.2, after opening at 88.4 and rising to 88.5 at noon. The pound opened at $1.8200-1.8210, and fell to a low of $1.8140-1.8150 in early trading. It recovered to $1.8250 at noon, and touched a peak of $1.8390-1.8400 in the afternoon, reflecting the weakness of the dollar. Sterling closed at $1.8310-1.8330, a rise of 65 points on the day. The pound fell to DM 4.16 from DM 4.1750, to FFr 10.4250 from FFr 10.4950, to SwFr 3.4050 from SwFr 3.4325, but rose to Y429.50 from Y426.75.

## THE DOLLAR SPOT AND FORWARD

| Oct 29 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8140-1.8400 | 1.8310-1.8330 | 0.17-0.07c pm | [illegible] | [illegible] | [illegible] |
| Ireland† | 1.5410-1.5600 | 1.5570-1.5600 | 0.40-0.20c pm | [illegible] | [illegible] | [illegible] |
| Canada | 1.2060-1.2092 | 1.2080-1.2085 | 0.25-0.30c dis | [illegible] | [illegible] | [illegible] |
| Nethlnd. | 2.5000-2.5350 | 2.5000-2.5040 | 0.85-0.80c pm | [illegible] | [illegible] | [illegible] |
| Belgium | 38.00-38.40 | 38.01-38.03 | 6-12c dis | [illegible] | [illegible] | [illegible] |
| Denmark | 7.3000-7.3470 | 7.3000-7.3070 | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | 2.2670-2.2890 | 2.2695-2.2705 | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | 64.10-65.85 | 65.10-65.35 | 35-185c dis | [illegible] | [illegible] | [illegible] |
| Spain | 97.35-97.95 | 97.35-97.40 | 5-25c dis | [illegible] | [illegible] | [illegible] |
| Italy | 1,210-1,219 | 1,210-1,211 | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | 5.9750-6.0125 | 5.9750-5.9850 | [illegible] | [illegible] | [illegible] | [illegible] |
| France | 5.6525-5.7050 | 5.6925-5.6975 | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | 5.5650-5.6325 | 5.5650-5.5700 | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | 233.65-235.30 | 234.20-234.30 | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | 15.90-16.10 | 15.91-15.93 | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | 1.8480-1.8880 | 1.8570-1.8580 | 0.82-0.72c pm | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## THE POUND SPOT AND FORWARD

| Oct 29 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.8140-1.8400 | 1.8310-1.8330 | 0.17-0.07c pm | [illegible] | [illegible] | [illegible] |
| Canada | 2.1910-2.2210 | 2.2080-2.2100 | 0.50-0.60c dis | [illegible] | [illegible] | [illegible] |
| Nethlnd. | 4.57-4.64 | 4.57½-4.58½ | 1¾-¾c pm | [illegible] | [illegible] | [illegible] |
| Belgium | 69.50-70.30 | 69.60-69.70 | 10-20c dis | [illegible] | [illegible] | [illegible] |
| Denmark | 13.37-13.51 | 13.38½-13.40½ | 2½-1¼ore pm | [illegible] | [illegible] | [illegible] |
| Ireland | 1.1740-1.1800 | 1.1750-1.1765 | 0.15-0.24p dis | [illegible] | [illegible] | [illegible] |
| W. Ger. | 4.15-4.19½ | 4.15½-4.16½ | 1¾-1¼pf pm | [illegible] | [illegible] | [illegible] |
| Portugal | 119.00-120.75 | 119.20-119.50 | 70-360c dis | [illegible] | [illegible] | [illegible] |
| Spain | 177.75-179.50 | 178.20-178.40 | 5c pm-20 dis | [illegible] | [illegible] | [illegible] |
| Italy | 2,209-2,235 | 2,216½-2,217½ | 6-11 lire dis | [illegible] | [illegible] | [illegible] |
| Norway | 10.90-11.03 | 10.95-10.97 | 2½-1ore pm | [illegible] | [illegible] | [illegible] |
| France | 10.41-10.58 | 10.42-10.43 | ¼c pm-¼c dis | [illegible] | [illegible] | [illegible] |
| Sweden | 10.22-10.32 | 10.26-10.27 | 2¾-1¾ore pm | [illegible] | [illegible] | [illegible] |
| Japan | 425-435 | 429-430 | 3.40-3.10y pm | [illegible] | [illegible] | [illegible] |
| Austria | 29.10-29.45 | 29.10-29.15 | 14-9gro pm | [illegible] | [illegible] | [illegible] |
| Switz. | 3.39-3.44 | 3.40-3.41 | 1.50-1.40c pm | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar 0.15-0.25c dis, 12-month [illegible].

## THE POUND SPOT AND FORWARD OCT 28th

| Oct 28 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.8100-1.8270 | 1.8250-1.8260 | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | 2.1925-2.2060 | 2.2025-2.2045 | 0.53-0.63c dis | [illegible] | [illegible] | [illegible] |
| Nethlnd. | 4.59-4.63 | 4.60½-4.61½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | 69.40-69.80 | 69.60-69.80 | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | 13.40-13.45 | 13.41-13.42 | 3½-2½ore pm | 2.45 | [illegible] | 1.80 |
| Ireland | 1.1765-1.1820 | 1.1790-1.1800 | 0.16-0.27p dis | -2.19 | [illegible] | -1.88 |
| W. Ger. | 4.16½-4.19½ | 4.17-4.18 | 1.81-1.60pf pm | 4.90 | [illegible] | 4.89 |
| Portugal | 118.50-120.00 | 119.30-119.50 | 70-370c dis | -22.11 | 105-620 dis | -12.14 |
| Spain | 177.50-178.75 | 178.45-178.65 | 5-30c dis | -1.18 | 25-85 dis | -0.95 |
| Italy | 2,209-2,221 | 2,218½-2,220½ | 6-11 lire dis | -4.59 | 28-35 dis | -5.68 |
| Norway | 10.90-10.95 | 10.94-10.95 | 3½-2ore pm | 2.88 | 8½-7 pm | 2.79 |
| France | 10.46½-10.51½ | 10.49-10.50 | 0.35c pm-0.57 dis | -0.12 | 1.36-3.45 dis | -0.92 |
| Sweden | 10.23-10.28 | 10.26½-10.27½ | 2⅞-1⅞ore pm | 2.77 | 9¼-6¾ pm | 3.46 |
| Japan | 423-429 | 426¾-427¾ | 3.52-3.22y pm | 9.48 | 9.57-9.27 pm | 8.83 |
| Austria | 29.20-29.45 | 29.35-29.45 | 16-11gro pm | 5.51 | 38-28 pm | 4.22 |
| Switz. | 3.42¾-3.46 | 3.42¾-3.43¾ | 1.51-1.23c pm | 4.79 | 4.47-4.20 pm | 5.05 |

Belgian rate is for convertible francs. Financial franc 77.05-77.15. Six-month forward dollar 0.23-0.20c dis, 12-month 0.80-1.05c dis.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU October 29 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 40.7572 | 40.8732 | +0.28 | -0.08 | ±1.5368 |
| Danish Krone | 7.91117 | 7.86558 | -0.58 | -0.94 | ±1.6412 |
| German D-Mark | 2.40989 | 2.44362 | +1.40 | +1.04 | ±1.1077 |
| French Franc | 6.17443 | 6.13212 | -0.67 | -1.03 | ±1.3733 |
| Dutch Guilder | 2.66382 | 2.69173 | +1.05 | +0.69 | ±1.5063 |
| Irish Punt | 0.684452 | 0.689903 | +0.74 | +0.38 | ±1.6688 |
| Italian Lira | 1300.67 | 1299.98 | -0.06 | -0.06 | ±4.1229 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for October 29 — 0.582314

## OTHER CURRENCIES

| Oct. 29 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 11,225-11,245† | 6197-6217† | Austria | [illegible] |
| Australia Dollar | 1.6115-1.6155 | 0.8805-0.8810 | Belgium | [illegible] |
| Brazil Cruzeiro | 207.50-208.50 | 114.25-114.65 | Denmark | [illegible] |
| Finland Markka | 8.152-8.170 | 4.4570-4.4590 | France | [illegible] |
| Greek Drachma | 103.188-105.155 | 57.25-57.45 | Germany | [illegible] |
| Hong Kong Dollar | 10.75†-10.76† | 5.8600-5.8650 | Italy | [illegible] |
| Iran Rial | 148.40* | 80.60* | Japan | [illegible] |
| Kuwait Dinar (KD) | 0.511-0.517 | 0.2824-0.2829 | Netherlands | [illegible] |
| Luxembourg Fr. | 69.60-69.70 | 38.01-38.03 | Norway | [illegible] |
| Malaysia Dollar | 4.19-4.20 | 2.2875-2.2925 | Portugal | [illegible] |
| New Zealand Dlr. | 2.2365-2.2415 | 1.2210-1.2220 | Spain | 177-188 |
| Saudi Arab. Riyal | 6.19-6.25 | 3.4185-3.4215 | Sweden | [illegible] |
| Singapore Dollar | 3.8280-3.8360 | 2.0985-2.0995 | Switzerland | [illegible] |
| Sth. African Rand | 1.7665-1.7705 | 0.9650-0.9665 | United States | [illegible]-1.8694 |
| U.A.E. Dirham | 6.64-6.70 | 3.6700-3.6750 | Yugoslavia | [illegible] |

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 14,925-14,945 and for the dollar 8,200-8,250. * Selling rate.

## CURRENCY MOVEMENTS

| Oct. 29 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 88.5 | -35.0 |
| U.S. dollar | 109.4 | +3.2 |
| Canadian dollar | 87.7 | -17.3 |
| Austrian schilling | 118.1 | +24.8 |
| Belgian franc | 105.9 | +10.1 |
| Danish kroner | 88.7 | -8.6 |
| Deutsche mark | 123.0 | +44.1 |
| Swiss franc | 151.4 | +100.5 |
| Guilder | 114.5 | +18.9 |
| French franc | 83.1 | -13.4 |
| Lira | 56.0 | -57.4 |
| Yen | 136.7 | +31.0 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

## CURRENCY RATES

| Oct. 28 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.628535 | 0.565008 |
| U.S. $ | 14 | 1.14839 | 1.06265 |
| Canadian $ | 18.30 | 1.37952 | 1.28590 |
| Austria Sch. | 6¾ | 18.4370 | 17.3247 |
| Belgian F | 13 | 43.7421 | 40.7104 |
| Danish K | 11 | 8.45797 | 7.84932 |
| D'mark | 7½ | 2.62535 | 2.44305 |
| Guilder | 9 | 2.85757 | 2.69709 |
| French Fr | 9½ | 6.56286 | 6.12806 |
| Lira | 19 | 1391.43 | 1294.32 |
| Yen | 5½ | 265.482 | 248.140 |
| Norwgn. Kr | 9 | 6.66859 | 6.20819 |
| Spanish Pta | 8 | 112.010 | 104.087 |
| Swedish Kr | 11 | 6.44194 | 5.98542 |
| Swiss Fr | 6 | 2.17669 | 2.01988 |
| Greek Dr'ch | 20½ | — | 561.465 |

## EXCHANGE CROSS RATES

| Oct. 29 | Pound Sterling | U.S. Dollar | Deutschemark | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.832 | 4.160 | 429.5 | 10.425 | 3.405 | 4.583 | 2217. | 2.217 | 69.65 |
| U.S. Dollar | 0.546 | 1. | 2.271 | 234.4 | 5.691 | 1.859 | 2.501 | 1210. | 1.210 | 38.02 |
| Deutschemark | 0.240 | 0.440 | 1. | 103.2 | 2.506 | 0.819 | 1.102 | 532.8 | 0.531 | 16.74 |
| Japanese Yen 1,000 | 2.328 | 4.265 | 9.686 | 1000. | 24.27 | 7.928 | 10.67 | 5161. | 5.143 | 162.2 |
| French Franc 10 | 0.959 | 1.757 | 3.990 | 412.0 | 10. | 3.266 | 4.396 | 2126. | 2.119 | 66.81 |
| Swiss Franc | 0.294 | 0.538 | 1.222 | 126.1 | 3.062 | 1. | 1.346 | 651.9 | 0.649 | 20.46 |
| Dutch Guilder | 0.218 | 0.400 | 0.908 | 93.73 | 2.275 | 0.743 | 1. | 483.7 | 0.482 | 15.20 |
| Italian Lira 1,000 | 0.451 | 0.827 | 1.877 | 193.8 | 4.703 | 1.536 | 2.067 | 1000. | 0.997 | 31.42 |
| Canadian Dollar | 0.453 | 0.829 | 1.883 | 194.4 | 4.719 | 1.541 | 2.074 | 1003. | 1. | 31.45 |
| Belgian Franc 100 | 1.436 | 2.630 | 5.975 | 616.7 | 14.97 | 4.889 | 6.579 | 3182. | 3.172 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 29)

| 3 months U.S. dollars | 6 months U.S. dollars |
|---|---|
| bid 16 15/16 offer 17 1/16 | bid 16 5/8 offer 16 3/4 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Oct. 29 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 15¼-15⅝ | 14-14¼ | 20-21 | 12¼-12⅞ | 30-35 | 11-11⅛ | 16¼-16¾ | 16½-18¼ | 13½-15½ | 6¼-6½ |
| 7 days' notice | 15⅞-16⅛ | 14½-14¾ | 20-21 | 12¾-12⅞ | 6½-7 | 11⅛-11⅜ | 16½-16¾ | 18½-21 | 15-17¾ | 6⅛-6⅜ |
| Month | 16⅛-16⅜ | 15-15¼ | 18⅝-19 | 12¾-12⅞ | 10-10⅛ | 11⅛-11¼ | 15¾-16¼ | 20½-22 | 18-18¾ | 6⅛-6⅜ |
| Three months | 16⅛-16⅜ | 15⅞-16⅛ | 18¾-19⅛ | 12⅞-13 | 10⅜-10⅝ | 11⅛-11⅜ | 17-17¾ | 22-23 | 19½-20¼ | 7¼-7⅜ |
| Six months | 16⅛-16⅜ | 16¼-16½ | 18⅝-19 | 12⅞-13⅛ | 10⅜-10⅝ | 11⅛-11⅜ | 18-18¾ | 22⅞-23⅞ | 19½-20¼ | 7⅛-7⅜ |
| One Year | 16½-16¾ | 16¼-16½ | 18⅝-19 | 12⅝-12¾ | 9⅞-10 | 11⅛-11⅜ | 18¾-19½ | 23¼-24½ | 18-18⅞ | 7⅛-7⅜ |

SDR linked deposits: one month 13⅜-12 11/16 per cent; three months 14⅛-14½ per cent; six months 14⅞-14 13/16 per cent; one year 14½-14⅞ per cent.

ECU linked deposits: one month 14⅞-14 13/16 per cent; three months 15⅜-15⅞ per cent; six months 15⅜-15⅝ per cent; one year 15⅛-15⅜ per cent.

Asian $ (closing rates in Singapore): one month 15⅝-15⅞ per cent; three months 16⅛-16⅜ per cent; six months 16⅛-16 11/16 per cent; one year 16½-16¾ per cent. Long-term Eurodollar two years 16⅛-16⅜ per cent; three years 16⅛-16⅜ per cent; four years 16⅛-16⅜ per cent; five years 16⅛-16⅜ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.95-15.05 per cent; three months 15.50-15.60 per cent; six months 15.80-15.90 per cent; one year 15.80-15.90 per cent.

## MONEY MARKETS

# Rates ease again

**London clearing bank base lending rates 15½ per cent (since October 15)**

Short-term interest rates continued to ease in the London money market yesterday, with three-month interbank money closing at 16 7/16-16 9/16 per cent, compared with 16¾-16⅞ per cent previously. Discount houses buying rates for three-month Treasury bills fell to 15⅜-15 11/32 per cent from 15⅝ per cent, and three-month eligible bank bills to 15⅝-15 11/16 per cent from 15⅞ per cent.

Day-to-day credit was in short supply, and the authorities gave a total of £198m assistance to the market. In the morning the Bank of England forecast a shortage of around £150m, and suggested that the major factors would be: maturing bills in official hands — £40m, and the unwinding of repurchase agreements on bills —£149m.

The authorities bought £121m of bills in the morning by way of £1m Treasury bills in band 1 (up to 14 days maturity) at 15½ per cent; £4m local authority bills in band 2 (15-33 days maturity) at 15¼ per cent; £37m bank bills in band 1 in a range of 15⅛-15¼ per cent; and £79m bank bills in band 2 in a range of 15⅛-15⅜ per cent.

Further help of £77m was given in the afternoon, when the Bank of England bought £7m local authority bills in band 1 at 15¼ per cent; £45m bank bills in band 1 at 15¼ per cent; £1m Treasury bills in band 2 at 15¼ per cent; £2m local authority bills in band 2 at 15¼ per cent; and £22m bank bills in band 2 at 15¼-15 5/16 per cent.

Discount houses paid around 15 per cent for secured call money for most of the day. In the interbank market overnight money traded within a narrow range of 15-16 per cent, and closed at 16 per cent.

In Frankfurt interest rates were firmer, with call money rising to 11.10 per cent from 11.05 per cent. One-month increased to 11.50 per cent from 11.45 per cent, and three-month to 11.75 per cent from 11.625 per cent.

In Paris call funds remained at 15⅞ per cent, while one-month and three-month money were unchanged at 15⅞-15⅞ per cent.

In Amsterdam call money fell to 12⅛-12⅜ per cent from 12½-12⅝ per cent, but period rates showed little movement.

In Tokyo interest rates have remained steady so far this week, with call money unchanged at 7.0625 per cent yesterday, after touching 7.125 per cent on Monday ahead of monthly wage payments by Japanese companies. The three-month bill discount rate was also unchanged at 7.40625 per cent.

## MONEY RATES

**NEW YORK**

| | |
|---|---|
| Prime rate | 17½-18 |
| Fed. funds | 14¼-14½ |
| Treasury bills (13-week) | 13.05 |
| Treasury bills (26-week) | 13.36 |

**GERMANY**

| | |
|---|---|
| Special Lombard | 11.0 |
| Overnight rate | 11.10 |
| One month | 11.50 |
| Three months | 11.75 |
| Six months | 11.45 |

**FRANCE**

| | |
|---|---|
| Intervention rate | 15.5 |
| Overnight rate | 15.75 |
| One month | 15.5625 |
| Three months | 15.5625 |
| Six months | 15.5625 |

**JAPAN**

| | |
|---|---|
| Discount rate | 6.25 |
| Call (unconditional) | 7.0625 |
| Bill discount (three-month) | 7.40625 |

## GOLD

# Weaker trend

Gold fell $7 in the London bullion market yesterday to $423½-424½, reflecting the weaker trend in New York overnight. It opened at $423-424, and touched a low of $422½-423½. Gold was fixed at $422.25 in the morning and $424.50 in the afternoon, touching a best level of $426½-427½.

In Paris the 12½ kilo gold bar was fixed at FFr 80,100 per kilo ($432.90 per ounce) in the afternoon, compared with FFr80,550 ($434.70) in the morning, and FFr81,050 ($437.01) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM31,280 per kilo ($424.01 per ounce), against DM32,050 ($432.96) previously, and closed at $424½-425½, compared with $430½-431½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $422.50 per ounce, compared with $431.25.

In Zurich gold finished at $423-426, against $430-433.

| | Oct. 29 | | Oct. 28 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $423½-424½ | (£231¼-231¾) | $430-432 | (£236-237) |
| Opening | $423-424 | (£232½-232¾) | $431½-432½ | (£237-237½) |
| Morning fixing | $422.25 | (£232.069) | $431 | (£237.479) |
| Afternoon fixing | $424.50 | (£231.398) | $433.80 | (£236.853) |
| **Gold Coins** | | | | |
| Krugerrand | $439½-440½ | (£240-240½) | $443½-445½ | (£242¼-245) |
| 1/2 Krugerrand | $226¼-227¼ | (£123½-124) | $228-229 | (£125-125½) |
| 1/4 Krugerrand | $115½-116½ | (£63-63½) | $116-117 | (£63½-64) |
| 1/10 Krugerrand | $47.48 | (£25½-26¼) | $47½-48½ | (£26-26½) |
| Mapleleaf | $439½-442½ | (£243¼-245) | $442½-445½ | (£242¼-244) |
| New Sovereigns | $104¼-104¾ | (£57-57¼) | $104¾-105¼ | (£57¼-57¾) |
| King Sovereigns | $115½-116½ | (£63-63½) | $114-116 | (£62½-63½) |
| Victoria Sovs. | $115½-116½ | (£63-63½) | $114-116 | (£62½-63½) |
| French 20s | $98½-108½ | (£51½-59¼) | $102-112 | (£55¾-61¼) |
| 50 pesos Mexico | $526½-529¾ | (£287¼-289) | $532-535 | (£291¼-293) |
| 100 Cor. Austria | $411-414 | (£224¼-226) | $416-419 | (£227¾-229½) |
| $20 Eagles | $570-575 | (£311-313¼) | $586-591 | (£321-323¾) |

## LONDON MONEY RATES

| Oct. 29 1981 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 15-16 | 15½-15¾ | — | — | 15⅞-16 | 15-15¼ | — | — | — |
| 2 days notice | — | — | 15⅞-16 | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | 15¾-16 | 15⅞-16 | — | — | — | — | — | — | — |
| One month | 16⅛-16⅛ | 16⅛-16 7/16 | 16¼ | 16⅛-16¼ | 16⅛ | 16-16¼ | 15⅛-16¼ | — | — | — |
| Two months | 16 7/16-16⅜ | 16¼-16 7/16 | — | 16⅝-16¼ | 16⅛ | 16⅛ | 15¼-15⅝ | 15⅛-15⅝ | 15⅝ | 16⅛ |
| Three months | 16 7/16-16⅜ | 16 7/16-16⅝ | 16⅛ | 16⅝ | 16⅛ | 16⅝ | 15⅛ | 15⅜ | 15½-15⅝ | 16⅝ |
| Six months | 16 7/16-16⅜ | 16 7/16-16⅝ | 16⅛ | 16⅛-15⅞ | 16⅛ | 16⅞ | 15½-15⅝ | 15¾-15⅝ | 15¾-15⅝ | 16⅛ |
| Nine months | 16⅜-16⅛ | 16⅜-16⅛ | — | 16⅛-16⅛ | 16⅛ | — | — | — | 15⅜-15⅜ | 16⅛ |
| One year | 16⅛-15⅞ | 16-16⅛ | 16⅞ | 16⅛-15⅞ | 16⅜ | — | — | — | — | — |
| Two years | — | — | 16 | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 16 per cent; four years 16 per cent; five years 16 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 9/16 per cent; four-month trade bills 16½ per cent.

Approximate selling rate for one-month Treasury bills 15¼-15⅜ per cent; two months 15⅝ per cent; three months 15⅜-15 11/32 per cent. Approximate selling rate for one-month bank bills 15⅝-15⅝ per cent; two months 15⅝-15⅝ per cent; and three months 15 11/16 per cent; one month trade bills 16¼ per cent; two months 16¼ per cent; three months 16¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 15.3537 per cent.

هكذا من الأصل

# Chrysler's $149m deficit sharply exceeds forecast

BY IAN HARGREAVES IN NEW YORK

CHRYSLER CORPORATION, the struggling number three U.S. motor company, yesterday reported a $149.3m loss for the third quarter, sharply higher than the $100m forecast in the company's operating plan.

Mr Lee Iacocca, Chrysler's chairman, accompanied the earnings statement with a plea to shareholders to pressure their Congressmen into seeking a more moderate fiscal and economic policy.

Mr Iacocca said the motor and construction industries, both job intensive, were buckling under the strain of high interest rates; it is time that other sectors of the economy shared the burden of fighting inflation, he said.

Mr Iacocca, however, made no comment on remarks from members of the Reagan Administration that Chrysler would soon ask for an additional $300m in Federal loan guarantees.

He said the company's loss had to be seen in the context of a two and a half year slump in the market and pointed to "a dramatic restructuring" of the company since the Federal bail-out was agreed last year.

In the first nine months of this year, Chrysler's loss was $436.1m, against $1.5bn last year. Sales rose sharply from $6.5bn to $8.1bn. The third quarter loss compared with a loss of $490m last year while sales rose from $1.99bn to $2.5bn.

Mr Iacocca said Chrysler continued to take "stringent cash conservation measures," but had not changed the pace of its future product programme.

"While we take price in our performance, against formidable odds, we also must point out that there are limits to what one industry and one company can accomplish in the face of an unprecedented and prolonged sales slump."

Chrysler's loss forecast for the whole of 1981 is $253m, but with car sales at very weak levels in October, it now seems impossible that the company can come close to this objective.

# U.S. operations push Ford into the red

By Our New York Staff

FORD MOTOR yesterday reported a $334.5m loss for the third quarter, roughly in line with Wall Street expectations.

All the loss stemmed from the company's problematic U.S. operations, with overseas businesses managing collectively to scrape an operating profit of $87m, up from $3m last year.

Ford's net loss compared with last year's $595m loss. Sales were up from $8.01bn to $8.66bn.

So far this year, Ford has made a loss of $713.8m on sales of $29.23bn compared with a loss of $1.23bn on sales of $28.59bn in the first nine months of 1980.

Ford said that pre-tax it lost $476m in the U.S. in the quarter, down from a loss of $720m last year. The loss, the company said, reflected normal plant conversion costs at the start of the new model year in the U.S.

# Daf defeats Harvester in first stage of legal battle

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle maker, yesterday won the first round in a legal battle with one of its largest shareholders, International Harvester of the U.S.

A court in Amsterdam ruled, in effect, that a change in Daf's statutes which would limit the power of shareholders was lawful.

The court rejected an application from Harvester for an injunction ordering Daf to cancel its registration as a so-called "structuurvennootschap" or SV company. The lawyer acting for Harvester said afterwards he would advise the company to appeal.

The legal dispute between the two companies indicates the complete breakdown of what was once planned as a far-reaching co-operation agreement. If yesterday's judgment is upheld the two Dutch shareholders in Daf, the founding van Doorne family and the State-owned DSM group—with 37.5 per cent and 25 per cent respectively—could severely limit Harvester's say.

Under Dutch company law a concern which registers as a SV transfers considerable powers to its supervisory board at the expense of the shareholders. Companies have in the past registered as such to fight-off take-over bids.

The supervisory board appoints its own members, nominates the managing board and is responsible for drawing up the annual accounts. Harvester currently has two members on Daf's eight-strong supervisory board, though the Dutch members could now in theory block their reappointment when their term of office expires.

Daf said it was concerned that Harvester's plans for other companies in which it was involved in Europe would damage the Dtuch company.

# Marathon to buy U.S. oil assets of Husky

By Our New York Staff

MARATHON OIL, one of the 20 largest U.S. oil companies and which has been the subject of intense takeover speculation, is proposing to buy for $650m in cash the U.S. oil and gas assets of Husky Oil, the Canadian oil concern.

Marathon, which this summer arranged a $5bn revolving credit with a group of banks led by Chase Manhattan, said last night it had reached an agreement in principle with Husky over the sale.

Mr Harold Hoopman, president of Marathon, said his company would acquire Husky's exploration acreage and production activities in the Rocky mountains, the mid-continent, the Pacific coast and the Louisiana Gulf coast, which were of "primary interest" to Marathon.

Also included in the transaction are refining and marketing operations, including three small refineries and 770 petrol stations in 17 Western states as well as a pipeline system.

Marathon will also acquire Husky Oil's UK subsidiary, which has a minority interest in nine blocks in the North Sea, where Marathon's interests include 38 per cent of the Brae field. Marathon expects to complete the transaction by around December 15.

Husky for some time had indicated it wanted to sell its U.S. subsidiary because it felt it could employ the capital better in Canada as a result of the new Canadian Government energy programme. This programme is biased in favour of Canadian-controlled oil companies.

For its part, Marathon recently said it was considering selling two Canadian subsidiaries — Marathon Petroleum Canada and Pan Ocean Oil —, because of the new Canadian energy policy. Several U.S.-based oil companies have also indicated they plan selling Canadian assets and some have already *done so.*

# Strength of dollar leaves Xerox with lower profits

BY PAUL BETTS IN NEW YORK

XEROX, the office equipment and copier manufacturer, suffered a 3 per cent decline in third quarter net profits largely as a result of heavy foreign currency translation losses.

The company, whose third quarter profits totalled $149.8m on marginally higher revenues of $2.1bn, also warned that the impact of unfavourable currency translations could be even worse in the final quarter.

In per share terms, third quarter earnings were $1.77 compared with $1.82 a share after foreign currency translations had reduced earnings by 46 cents in the third quarter.

Nine months net income totalled $491m, or $5.81 per share, on revenues of $6.4bn, compared with net income of $471m, or $5.55 per share, on revenues of $6bn.

Xerox said foreign currency translations had reduced per share earnings by 69 cents in the first nine months and added that the fourth-quarter impact of currency translations would be far worse than in any other quarter this year with earnings being probably reduced by a further 69 cents.

Xerox, which has already announced plans to reduce its workforce to improve productivity, is also expected to make provisions for workforce reductions in the fourth quarter and in subsequent quarters next year.

But the company again declined to say how many workers it plans to lay off or to quantify the cost.

Xerox is not alone in suffering from foreign exchange translation losses. Indeed, the poor performance of several major U.S. electronics and office equipment concerns with a large international presence in the third quarter have been largely blamed on foreign exchange losses, particularly involving European operations.

Xerox yesterday said rental and service revenues in the third quarter — including the adverse impact from foreign currencies — were 1 per cent lower, while revenues from the sale of copiers, duplicators and other products rose by 6 per cent.

The company said that despite economic difficulties in several countries "net additions to the worldwide population of Xerox leased and sold copiers and duplicators were a record for any third quarter or first nine month period."

# Goldman Sachs acquisition

BY DAVID LASCELLES IN NEW YORK

GOLDMAN SACHS, the large Wall Street investment banking firm, yesterday joined the financial industry merger fray by acquiring J. Aron, one of the largest U.S. dealers in gold and precious metals.

As both are privately owned, the terms of the merger were not disclosed. But it will result in a business combination with a broad presence in the world's financial and commodity markets, and greatly broaden the range of services each firm is able to offer its clients.

With capital of $220m at the end of last year, Goldman Sachs is the eighth largest Wall Street firm, and the largest still in private hands. It is best known for its corporate finance activities.

J. Aron, founded in 1898, deals in coffee and foreign exchange in addition to precious metals, and will operate as a separate division of Goldman, keeping its name.

Mr John Weinberg and Mr John Whitehead, co-chairmen of Goldman, said "their business fits beautifully with our existing activities without any overlap, and we see many exciting opportunities for future growth together."

# Plan for savings bank takeover

BY OUR NEW YORK STAFF

BANKING REGULATORS from New York State and the U.S. Federal Government are working on a plan to ease the takeover of the ailing Greenwich Savings Bank, in what would be the largest Government-managed savings bank takeover of the present thrift industry crisis.

Meanwhile in Washington, Mr Paul Volcker, chairman of the Federal Reserve, yesterday appealed to the Senate Banking Committee to push through as soon as possible a Senate version of a Bill which passed the House earlier this week, which would enable commercial banks to take over ailing savings banks.

Developments in Washington are important for the Greenwich case, because several large commercial banks, among them Bank of America, are rumoured to have expressed interest in acquiring the Greenwich.

Legislation passed by the House, however, says that initially, regulators would solicit bids for ailing savings and loans associations (S and Ls) from other S and Ls in the same state.

Greenwich lost $32.8m in the first half of this year.

# Brazil eyes strong rise in foreign bond issues

By Andrew Whitley in Brasilia

BRAZIL HOPES to raise between $500m and $600m from the international bond market next year, provided conditions in the market are "normal." This decision by the central bank marks a sharp increase in bond market activity by the world's largest foreign currency borrower, after two lean years.

It has been accompanied by a strenuous public relations campaign by top officials to convince foreign lenders and investors that Brazil has overcome the crisis which threatened last year to lead to a major rescheduling of its debt.

The overall foreign currency requirement in 1982 is put by Western bankers at about $21bn, while the Central Bank concedes that at least $17bn will be needed just to service debt obligations.

A senior central bank official told the Financial Times yesterday that Brazil did not push hard in the bond market this year because "We knew we were not a Triple A name."

Only two issues, totalling $60.3m were launched, down from a 1978 peak of $938.5m, made up of 14 issues.

The central bank keeps close control over who is permitted to go to the bond market, and when. Normally, seven major state agencies, plus the Republic itself, take the bulk of the funds.

# Gain at Marsh and McLennan

MARSH AND McLENNAN, the U.S. insurance service group which operates the world's largest broking operation, raised nine month's earnings to $93.48m or $2.55 a share, against $77.72m last time, on sales of $641m compared with $492.2m, writes our Financial Staff.

The results take in earnings from C. T. Bowring, the major London insurance broker acquired in July 1980.

Third quarter profit was $30.4m on revenues of $206.8m, against $27.1m on $187.6m a year ago.

# Bell Canada lifts income

BELL CANADA, the main eastern Canada telephone utility, earned C$122.7m (U.S.$102m) in third quarter, equal to 65 cents a share, against S$112.6m, or 62 cents, a year earlier on revenues of C$1.8bn against C$1.5bn, Robert Gibbens writes from Montreal.

Nine-months' profit was C$368.3m, or C$1.98 a share, against C$271.5m, or C$1.51, on revenues of C$5.3bn, against C$4.3bn.

Higher revenues were partly due to rate increases for phone service and long distance calls effective during period.

# Fixed rate Eurodollar bonds edge ahead

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FIXED RATE Eurodollar bonds registered small gains yesterday on the back of a much firmer opening in the New York bond market.

Dealers said the New York market was helped by the unwinding of short positions taken ahead of Wednesday's announcement of the Treasury's forthcoming $8.75bn refinancing package. This coincided with further downward pressure on short-term interest rates and a 2.7 per cent decline in the September U.S. index of leading economic indicators.

Six-month Eurodollar rates shed ¼ point to 16⅞ per cent, while in the later afternoon the market took further encouragement from the ½ per cent cut in its prime rate to 17½ per cent by *Continental Illinois.*

But activity in the Eurobond market remained fairly quiet throughout the day, as was the case in Continental bond markets which were also underpinned by the strength of the New York bond market.

In the primary market, a $15m five-year convertible issue was launched in the Asia dollar market for Tokyu Land through Daiwa Securities. The issue bears an indicated coupon of 5½ to 6 per cent, and a conversion premium of 5 per cent.

In Switzerland the World Bank is arranging an SwFr 150m to SwFr 200m, six-year, 8¼ per cent issue at par through Swiss Bank Corporation, while Soditic the Geneva bank, has floated an SwFr 20m, six-year 8¼ per cent private placement at par for the European Coal and Steel Community.

The Y15bn Eurobond by the Inter-American Development Bank has been finalised to carry a coupon of 8⅞ over 10 years at an issue price of 99½ by lead manager Daiwa Securities. In Kuwait terms have been fixed on the KD 7m bond for Credit National of France. The 10-year, 10 per cent bonds are priced at 91⅞ to give a yield of 11.50 per cent.

● New international bond issues in October amounted to $3.67bn according to latest figures from Morgan Guaranty Trust. This brought the total for the first 10 months of the year to $37.6bn compared with $35.7bn in the same period of 1980. New Eurocredits in October were $8.56bn, bringing the 10-month total to $109.7bn compared with $60.4bn.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday December 15. Closing prices on October 29

U.S. DOLLAR STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day +0¾ on week −0⅛

DEUTSCHE MARK STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day +0¼ on week +0⅛

YEN STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day 0 on week 0

OTHER STRAIGHTS

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day +0¼ on week −0⅛

FLOATING RATE NOTES

| | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day +0¼ on week +0¼

CONVERTIBLE BONDS

| | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

# NORTH AMERICAN QUARTERLY RESULTS

ALASKA INTERSTATE

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 88.4m | 57.4m |
| Net profits | 8.63m | 13.99m |
| Net per share | 0.65 | 1.14 |
| *Nine months* | | |
| Revenue | 280m | 175.7m |
| Net profits | 32.76m | 62.53m |
| Net per share | 2.47 | 5.26 |

AMERICAN MAIZE PRODUCTS

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 116.1m | 109.3m |
| Net profits | 4.2m | 4.92m |
| Net per share | 0.70* | 0.85* |
| Nine months | | |
| Revenue | 321.9m | 308.5m |
| Net profits | 8.27m | 7.65m |
| Net per share | 1.44 | 1.44 |

*Diluted.

AMERICAN STANDARD

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 578.5m | 633.3m |
| Net profits | 18.6m | 37.1m |
| Net per share | 0.68 | 1.34 |
| Nine months | | |
| Revenue | 1.87bn | 2.7bn |
| Net profits | 97.3m | 117.7m |
| Net per share | 3.55 | 4.25 |

AMP INC.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 308.3m | 284.8m |
| Net profits | 25.96m | 31.32m |
| Net per share | 0.72 | 0.87 |
| Nine months | | |
| Revenue | 927.1m | 864.9m |
| Net profits | 86.71m | 98.88m |
| Net per share | 2.41 | 2.75 |

ARVIN INDUSTRIES

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 129.7m | 107.4m |
| Net profits | 3.47m | 2.06m |
| Net per share | 0.46 | 0.25 |
| Nine months | | |
| Revenue | 379.2m | 301.6m |
| Net profits | 11.7m | 2.42m |
| Net per share | 1.59 | 0.19 |

BELCO PETROLEUM

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 77.4m | 68.3m |
| *Net profits | 24.1m | 15.9m |
| *Net per share | 1.01 | 0.68 |
| Nine months | | |
| Revenue | 234.8m | 213.9m |
| *Net profits | 72m | 47.8m |
| *Net per share | 3.00 | 1.97 |

*Operating.

CONSOLIDATED RAIL CORP.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 1.06bn | 936.1m |
| Net profits | 64.9m | 88.1m† |
| Net per share | 2.56 | 3.55† |
| Nine months | | |
| Revenue | 3.2bn | 2.94bn |
| Net profits | 12.6m | 231.8m† |
| Net per share | 0.42 | 9.34† |

†Loss.

EL PASO ELECTRIC

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 73.5m | 65.9m |
| Net profits | 17.9m | 14.1m |
| Net per share | 0.70 | 0.74 |
| Nine months | | |
| Revenue | 246.4m | 194.1m |
| Net profits | 55.1m | 35.8m |
| Net per share | 2.29 | 1.82 |

HARSCO

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 271.5m | 249.1m |
| Net profits | 13.1m | 10m |
| Net per share | 0.68 | 0.49 |
| *Nine months* | | |
| Revenue | 870.6m | 788.9m |
| Net profits | 41.5m | 34.3m |
| Net per share | 2.13 | 1.70 |

HOLIDAY INNS

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 488.3m | 415.4m |
| Net profits | 57.68m | 38.4m |
| Net per share | 1.51 | 1.00 |
| Nine months | | |
| Revenue | 1.34bn | 1.13bn |
| Net profits | 124.35m | 96.63m |
| Net per share | 3.27 | 2.58 |

HOLLY SUGAR

| Second quarter | $ 1981 | $ 1980 |
|---|---|---|
| Revenue | 57m | 77.1m |
| Net profits | 37,000 | 3.94m |
| Six months | | |
| Revenue | 127.1m | 135.9m |
| Net profits | 3m | 6m |
| Net per share | 1.88 | 3.77 |

HOWELL CORP.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 55.6m | 32m |
| Net profits | 8.02m | 424,000 |
| Net per share | 1.35 | 0.07 |
| Nine months | | |
| Revenue | 159.7m | 99.7m |
| Net profits | 7.82m | 10.7m |
| Net per share | 1.33 | 1.83 |

HUDSON'S BAY OIL

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 62.7m | 75.9m |
| Net profits | 18.3m | 38.3m |
| Net per share | 0.24 | 0.51 |
| Nine months | | |
| Revenue | 242.2m | 224.7m |
| Net profits | 69.2m | 107m |
| Net per share | 0.91 | 1.41 |

KERR-McGEE

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 946.8m | 893.9m |
| Net profits | 50.34m | 33.71m |
| Net per share | 1.94 | 1.30 |
| Nine months | | |
| Revenue | 2.75bn | 2.53bn |
| Net profits | 145.12m | 130.43m |
| Net per share | 5.58 | 5.03 |

MACMILLAN BLOEDEL

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 363.3m | 609.3m |
| Net profits | 38.4m† | 25.2m |

†Operating loss.

NUCOR

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 136m | 111.3m |
| Net profits | 6.14m | 11.5m |
| Net per share | 0.88 | 1.69 |
| Nine months | | |
| Revenue | 412.6m | 370.2m |
| Net profits | 23.02m | 35.62m |
| Net per share | 3.33 | 5.24 |

OGDEN CORP.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 588.7m | 513.5m |
| Net profits | 15.49m | 14.87m |
| Net per share | 1.16 | 1.16 |
| *Nine months* | | |
| Revenue | 1.73bn | 1.62bn |
| Net profits | 48.16m | 44.3m |
| Net per share | 3.72 | 3.45 |

PANHANDLE EASTERN

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 746.1m | 546.6m |
| Net profits | 58.2m | 43.5m |
| Net per share | 1.40 | 1.16 |
| Nine months | | |
| Revenue | 2.48bn | 1.75bn |
| Net profits | 212.9m | 141.4m |
| Net per share | 5.33 | 3.79 |

STONE CONTAINER

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 102m | 92m |
| Net profits | 6.42m | 4.48m |
| Net per share | 0.83 | 0.58 |
| Nine months | | |
| Revenue | 311m | 280m |
| Net profits | 18.9m | 16.6m |
| Net per share | 2.45 | 2.16 |

TEXAS EASTERN

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 1.11bn | 973m |
| Net profits | 45.5m | 44.1m |
| Net per share | 1.79 | 1.75 |
| Nine months | | |
| Revenue | 4.43bn | 3.98bn |
| Net profits | 219.3m | 207.1m |
| Net per share | 8.67 | 8.22 |

TRANSCO COS.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 818.8m | 620.6m |
| Net profits | 28.59m | 25.19m |
| Net per share | 1.18 | 1.07 |
| Nine months | | |
| Revenue | 2.62bn | 1.81bn |
| Net profits | 91.06m | 80.8m |
| Net per share | 3.75 | 3.41 |

USF AND G CORP.

| | 1981 $ | 1980 $ |
|---|---|---|
| Third quarter | | |
| Revenue | 587.2m | 585.7m |
| *Net profits | 40.55m | 57.2m |
| *Net per share | 1.44 | 2.05 |
| Nine months | | |
| Revenue | 1.66bn | 1.68bn |
| *Net profits | 127.41m | 183m |
| *Net per share | 4.53 | 6.56 |

*Operating.

# Lafarge expansion gives it a multinational look

BY DAVID WHITE IN PARIS

GOOD NEWS and French heavy industry have not been associating much recently, but they were briefly reunited yesterday when the chairman of Lafarge, the country's top cement producer, received a Manager of the Year award in the presence of the Socialist Prime Minister M Pierre Mauroy.

The 52-year-old M Olivier Lecerf is less of a public figure than earlier recipients of this prestige award from the magazine Le Nouvel Economiste—such as Matra's dashing chairman M Jean-Luc Lagardere. But that is what one gets for making cement rather than satellites.

"Not very fast-moving or brilliant," is how a top Lafarge executive describes the group's image, "but stubborn."

Lafarge as responded to the economic slowdown by pressing ahead with diversification and international expansion and by increasing profits at a time when, what with a depressed housing market and high energy costs, it should by rights be doing badly.

Last year it boosted group earnings by a third. In this year's first half it kept them more than level, while showing a 36 per cent rise in turnover to more than FFr 6bn—an annual rate of well over $2bn—due in large measure to a succession of structural changes.

One of the top half-dozen groups remaining in the French private sector after nationalisation, Lafarge has increasingly taken on the look of a multinational. Twenty-five years ago, when M Lecerf joined the company, it was just establishing itself in Canada through Ciments Canada Lafarge. M Lecerf himself spent long spells there and in Brazil before taking over as chairman in 1974. It has now reached a stage where foreign operations account for half its turnover, half its workforce, and half its investment and half its profit.

After five years looking for an opening in the U.S., it succeeded last month in its second attempt to take over General Portland, through the Canadian subsidiary. The $320m takeover raises the group's share of the U.S. market from 1 per cent to 8 per cent and makes it the biggest cement producer in North America.

Major changes had already taken place last year, the biggest being the takeover of Belgium's Coppée group. As a result the renamed Lafarge Coppée (the Coppée family, with 9 per cent, became the group's biggest shareholder under the deal), has branched out into the growth sector of bio-industry and built up its engineering side through Coppée-Rust, a former U.S. joint venture now due to come fully under Lafarge's wing.

This new departure came after a painful process of rethinking about the group's non-cement interests. It sold its packaging subsidiary to the La Cellulose du Pin paper group, part of the Saint-Gobain empire, and took over from Saint-Gobain the bulk of the latter's interests in refractory products—a sector that was in difficulties at the time and continues to be so.

In the last three years, Lafarge has gone to the stock market four times for fresh equity funds and increased its capital by 40 per cent. in order to pay for these operations as far as possible out of its own resources.

It is one of very few French industrial groups to have refused to give a big bank a predominant role, with power over its industrial policy.

M Lecerf is now fighting another battle to keep his hands free. For him the prospects of the group's maintaining its competitiveness in the world market will be jeopardised if the Government interferes with the way it organises itself industrially, plans its investment, raises its finance, or sets its prices. He says he is "very uncertain" about the future possibilities for investing abroad.

M Olivier Lecerf, Lafarge chairman and Le Nouvel Economiste's manager of the year

A Norman, with a nasal voice that accentuates his sometimes biting tongue, M Lecerf is active on the executive council of the CNPF employers' federation. He complains that the Government, while showing clearly that it wants to help small companies, has not so far indicated its policy towards big companies, other than those it is nationalising.

Indeed, he has yet to meet the Industry Minister, M Pierre Dreyfus. Yesterday's award may help to put that situation right.

# Occidental and ENI joint chemical group to have $1bn capital

BY JAMES BUXTON IN ROME

OCCIDENTAL PETROLEUM of the U.S. and ENI, the Italian state energy concern, yesterday signed definitive agreements which will lead to the start next January of Enoxy, a joint venture with a capital of $1.05bn.

Enoxy will take over 58 Italian chemical plants currently in the hands of ENI and four coal mines in the U.S. owned by Occidental. For Italy the deal offers a partial solution to the crisis of the State-owned chemical industry, which is saddled with excess capacity, inadequate management and lack of finance after disastrous over-expansion in the 1970s. It also gives it access to coal supplies at a time when Italy has become heavily dependent on oil.

For Occidental, which is headed by Dr Armand Hammer, the joint venture offers a chance to expand its chemical operations in Europe. Enoxy Chimica, the chemical subsidiary of the joint venture, aims at gaining 8 to 10 per cent of the European monomer and plastics market. It also intends to enter the latex and synthetic rubber markets.

Discussions of the deal began last winter between Sig Grandi and Mr Zoltan Merszei, the head of Occidental's chemical operations who was formerly chairman of Dow Chemical. ENI wanted an international partner for its chemical divisions after having to acquire the plants of the defunct Societa Italiana Resine (SIR). A deal was arranged whereby Occidental would provide management and marketing and new funds for the more viable plants.

The inclusion in the agreement of the coal mines came at Dr Hammer's insistence [illegible] before the agreement was first due to be announced in February.

Under the agreement signed yesterday, Enoxy Chimica will invest some $300m over the 1982-84 period in the chemical plants, which are in Sardinia, Sicily and Emilia Romagna in mainland Italy. Some $221m will go on completing a new ethylene plant at [illegible]. In Sardinia, certain plants will be closed down and others will be completed, and a [illegible] plant at Ravenna in [illegible] Italy will be expanded.

Sales will initially be [illegible] a year.

Enoxy's capital will total $1.05bn, with each partner putting in [illegible] in equity and the rest being raised by means of a syndicated loan.

# Overseas work gives Holzmann volume a boost

By Kevin Done in Frankfurt

PHILIPP HOLZMANN, West Germany's biggest construction group, increased building volume by 20.5 per cent in the first nine months of the year to DM 5.6bn ($2.45bn) as a result of a steep rise in overseas work.

Some 80 per cent of Holzmann's order book value of DM 9.8bn at the end of September was accounted for by contracts booked outside West Germany. In the nine months the group's foreign building volume amounted to DM 3.9bn, a jump of 36 per cent, and accounted for nearly 71 per cent of the group's total construction activity.

The bulk of the increase came from Holzmann's foreign subsidiaries, such as the Jones Group in the U.S. which more than doubled its turnover in the nine months. Foreign turnover figures have been inflated by the weakness of the Deutsche Mark against the dollar.

In a letter to shareholders the company says it expects "satisfactory profits" for 1981.

The steep recession in the West German construction market means that many companies have booked loss-making contracts this year to ensure continuity of employment. Holzmann points out, however, that profits will not be hit in 1981 as contracts in the current work-load were taken at "adequate" price levels.

# Modest second quarter profits rise for KLM

BY OUR FINANCIAL STAFF

KLM, the Dutch national airline which climbed out of the red during the first three months of this year, reports modestly higher second quarter earnings.

For the three months ended September, net earnings are Fl 94.8m compared with Fl 91.4m a year ago. The result has been helped by extraordinary credits and it takes the half-year net income total to Fl 115.7m ($46m), from Fl 79.4m last year.

Revenues for the second quarter are 27 per cent ahead at Fl 1.33bn so KLM has extended further the gains in traffic volume that marked its first quarter performance. Half-year revenues are 22 per cent ahead at Fl 2.44bn.

Second quarter extraordinary credits amounted to Fl 18.6m of which close on a third arose from the disposal of fixed assets. For the half-year the extraordinary items amounted to a debit of Fl 7.8m, compared to a credit of Fl 1.2m.

When moving back to a profit from earlier losses in the opening quarter of 1981-82, KLM explained that the recovery was the result of increased passenger and freight traffic coupled with reduced growth in costs.

Net profits for the first quarter totalled Fl 20.9m, against a loss of Fl 12m for the opening three months of last year and a loss of Fl 56.6m in the final quarter of 1980-81.

KLM's passenger load factor for the first quarter stood at 64.6 per cent which compared with a factor of 58 per cent a year earlier.

* * *

BOS KALIS Westminster, the Dutch contractor, will acquire the agro-industrial interests of Verenigde HVA Mijen for Fl 19m ($7.5m), the two companies said yesterday. Bos Kalis will take over three HVA subsidiaries involved in management, consultancy and contracting — HVA International, HVA-Holland Agro-Industries and HVA Nederland.

Bos Kalis will finance the takeover by the issue of new shares, the issue of a subordinated loan and by a cash payment.

Not included in the deal are HVA's sugar chemical interests, its share in a number of plantations and its claim for compensation from the Government of Ethiopia for the nationalisation of its interests in 1975.

# Swiss bank pledge on foreign debts

By John Wicks in Zurich

CENTRAL BANKS would probably intervene if leading commercial banks were threatened with collapse in connection with non-repayment of foreign debts.

This was stated by Dr Fritz Leutwiler, president of the Swiss National Bank, in Berne yesterday. The danger of a "major conflagration" in this sector would be likely to lead to official action, he said.

Under certain circumstances there could be joint moves by central banks in the case of international crises of this kind. There had already been an "exchange of opinions" on the subject.

Major Swiss banks, said Dr Leutwiler, had incurred fewer international risks than some foreign banks.

For the current year, the Swiss National Bank expects the country's capital exports to reach a new record, partly as the result of a revision of the regulations governing foreign borrowings in Swiss francs.

# Ceat seeks commissioner to run its tyre division

BY RUPERT CORNWELL IN ROME

CEAT, Italy's troubled second largest tyre producer, has formally requested a publicly-appointed commissioner to step in to run its affairs, as the only means of coping with its acute financial problems.

The difficulties of Ceat, whose annual group turnover now exceeds L1,000bn ($820m) stem in part from stagnant market conditions and excess stocks, but above all from a debt burden which now exceeds L160bn. In the first six months of 1981, in fact, the Turin-based concern registered an operating profit of L5bn.

The decision to apply for a special commissioner for its tyre division was approved by a meeting of shareholders on Wednesday, but only announced yesterday. The process is intended to allow a breathing space during which a restructuring programme can be launched to see the group back into overall balance by the end of 1982.

For this to be achieved Ceat will have to secure agreement from creditor banks to consolidate and roll over part of its outstanding debts, and extract back payments from public utility customers like ENEL, the State electricity corporation, which are themselves in dire financial straits.

The difficulties of Ceat, which employs 6,000 people, only add to the employment uncertainties in Turin, the capital of the Italian engineering industry. Debts and the recession have caused acute problems for the $230m factory equipment group of Sig Orfeo Pianelli (president of Torino Football Club), and for other concerns in the machine tool and component sector, heavily dependent on the fortunes of Fiat.

The future of Ceat has been in doubt for several years. The Tedeschi family, which owns a majority of its equity, at one stage sought to sell out to a foreign buyer, but the deal fell through. Rumours have abounded that Pirelli, Italy's biggest tyre and cable group, might step in but thus far with no foundation.

# Bank of Spain scales down equity portfolio

BY ROBERT GRAHAM IN MADRID

THE BANK of Spain has sold the bulk of its equity holdings in Spain's privately-owned electricity companies. The largest single operation involved the sale of 5 per cent of Hidrola, Spain's second biggest electricity concern, for $45m.

These disposals are part of a general policy to weed out all equity holdings. They have been observed with concern by the opposition Socialist party, who had considered that the holdings would permit a measure of State control in the electricity sector—allowing the nomination of board members at least.

The major outstanding Bank of Spain's electricity shareholding is in Iberduero, the largest private utility. No move has yet been made on this holding because of the problematical position of the company over its Lemoniz nuclear power station, near Bilbao, in the Basque country.

Although over three-quarters complete, work on this $1.2bn twin nuclear plant has been almost paralysed since February when the chief engineer was kidnapped and mrurdered by the militant Basque separatist organisation ETA.

The Bank of Spain's equity portfolio dates from the time when it was partially controlled by private shareholders. The State only acquired full control in 1962.

The single most important stake is the 12 per cent in the national telephone monopoly which is capitalised at $2.5bn. According to stock market estimates the bank had until recently just over 5 per cent of its total portfolio in electricity companies.

In July 1977, as part of the first efforts to liberalise the financial system, an informal ban was placed on all new Bank of Spain share purchases.

Sr Jose Ramon Alvarez Rendueles, the governor of the bank, sees no point in retaining shares. It is not the bank's job to place bank officials on boards of companies or to support private or semi-private companies in this manner, he says.

Apart from selling shares in the electricity industry, the bank has liquidated its interests in such companies as the chemical-energy group, Aragonesas, the cement company Asland, and the property group Vallehermoso.

Talks are said to be going on to dispose of a stake in the property development group Urbis.

The bank has also transferred to a new energy holding, INH, its 15 per cent shareholding in the petroleum distribution monopoly, Campsa. The transfer was treated as a loss.

# INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

## Japanese venture in genetic engineering

By Charles Smith in Tokyo

JAPAN'S LARGEST synthetic fibre manufacturer and the country's third largest brewer have agreed on a comprehensive business tie-up which will enable them to pool their efforts in the field of life sciences and genetic engineering.

The two companies, hitherto unrelated despite their names, are Asahi Chemical Industries (Asahi Kasei) and Asahi Breweries. Under the agreement, Asahi Chemical will acquire a 10 per cent capital stake in Asahi Breweries. Asahi Kasei is expected to pay approximately the market price of between Y270 and Y280 for the 22m Asahi Breweries shares it has agreed to acquire. It will also send directors to the Asahi Breweries Board.

The two companies will co-operate in the marketing of food products and drinks (where Asahi Breweries has been gradually losing market share during the past year or so). The most exciting area of collaboration, however, could involve the pooling of fermentation technology for genetic engineering.

Asahi Chemical, although primarily an artificial fibre maker has also made a name for itself in pharmaceuticals, artificial kidneys and other specialised medical products. It believes that fermentation technology developed by Asahi Breweries could be relevant to research at its new biotechnology laboratory.

Asahi Chemical is one of a number of Japanese companies (the others being mainly banks and life insurance companies) which agreed to acquire Asahi Breweries' shares after a private share syndicate run by doctors in Kyoto agreed to sell its holding of some 64m shares last month.

The Kyoto syndicate, known as Juzenkai, had acquired the Asahi Breweries shares about three years ago. It was persuaded to dispose of its holding after warnings against share cornering activities by the Ministry of Finance and by the Kyoto authorities.

The distribution of Juzenkai's former shareholding was organised by Sumitomo Bank (which acts as "main bank" to Asahi Breweries). Asahi Chemical, although maintaining a fairly close business relationship with the Sumitomo Bank and other members of the Sumitomo group, describes itself as an independent enterprise, unrelated to any of Japan's major business "families."

Asahi Breweries will benefit from the purchase (and the accompanying management infusion) by acquiring a much stronger base from which to compete against the two "giants" of the Japanese brewing industry, Kirin and Sapporo.

## Australian Guarantee lifts profits to record level

BY GRAEME JOHNSON IN SYDNEY

AUSTRALIA'S LARGEST consumer finance company, Australian Guarantee Corporation (AGC), lifted earnings by 28.6 per cent from A$56.5m to a record A$72.6m (US$82.5m) in the fiscal year to September 30, despite the prevailing high interest rates.

The finance group will lift its annual dividend from 8.75 cents to 9.375 cents and in addition will make a one-for-seven rights issue to raise A$30.4m. Earnings of the company, in which the Bank of New South Wales is the majority shareholder, rose despite intense competition for funds among finance companies during the year.

The earnings increase by AGC signals a return to higher profit growth, which last year slumped to an abnormally low 5.7 per cent. The higher annual payout is covered by earnings a share of 34.1 cents, against 26.5 cents.

Shares issued in the one-for-seven renounceable rights issue will rank for dividend from January 1982 and will participate in half the interim payout next year. The present dividend payout of 20 per cent is expected to be maintained on the enlarged capital.

The strong earnings performance came on top of a 15.7 per cent improvement in net receivables from A$2.68bn to A$3.1bn.

The directors attributed the result to the maintenance of "net operating margins in spite of higher borrowing costs on the increased cash exposure base," and a reduction in the impact of charges for bad debt losses.

But in view of the overall rise in net receivables, an additional A$1.4m has been set aside for the general provision of doubtful debts while a further A$3m has been provided for specific doubtful debts.

Commenting on the prospects for the Australian finance sector in 1982, the directors said they believed that earnings of finance companies could be affected next year by high interest rates and continued competition for funds from the investing public.

## Qantas cuts losses further

By Our Sydney Correspondent

QANTAS, THE Australian Government-owned airline, trimmed losses from A$19.3m to A$17.3m (US$19.68m) in the latest financial year. The recovery would have been healthier, except for a strike by cabin crew earlier in the year, estimated to have cost almost A$35m.

Mr Jim Leslie, chairman of Qantas, described the year as "one of the worst in the history of aviation." In 1979 Qantas had reduced its loss from A$21.2m. International airlines are collectively expected to lose A$1.86bn this year.

Fuelled by the strike and soaring oil costs, airline operation losses almost quadrupled to more than A$41m. Total revenue went up by 11.1 per cent from A$921.1m to top the A$1bn mark for the first time at A$1.02bn.

Mr Leslie said fares would have to go up if the company was to make a profit, but he hoped Qantas would return to profitability in "two to three years."

## Earnings growth slows at Afcol

BY JIM JONES IN JOHANNESBURG

ASSOCIATED FURNITURE Companies (Afcol) the furniture manufacturer 56.3 per cent-owned by South African Breweries, is starting to feel the effects of the country's economic slowdown. In the half year ended September 30 1981, operating profits were R17.3m ($17.85m) only 11 per cent higher than the R15.6m of the corresponding period in 1980. The result compares with R29.9m for the year to March 31, 1981. First-half turnover rose by 13 per cent to R113.8m ($117.44m) from R100.8m for all 1980-81. Sales reached R193.8m.

The directors say that there is continued evidence of a further slowing down in the demand for furniture. They give a warning that if growth rates continue to decrease and furniture sales soften further, Afcol will be hard pressed to match the earnings performance of the second half of last year.

An interim dividend of 35.5 cents has been declared from first half earnings of 70.9 cents a share. Last year the interim dividend was 30 cents and first half earnings 60.1 cents a share. For the year to March 1981 earnings totalled 121.2 cents a share and the dividend 61 cents.

● CNA INVESTMENTS, the South African retailer of periodicals, books, and audio equipment, increased sales substantially in the six months to August 31 1981 but warns that the growth rate is likely to decline in the current half year. First-half pre-tax profit almost doubled to R3.18m ($3.28m) from R1.61m in the same period of 1980 and compares with R8.65m for the full year to February 1981. Turnover was R49.9m against R38.2m in the first half of last year and R90.5m in the full year.

Although growth rates are expected to decline, the directors believe that the seasonal merchandising programme and expanding store network will allow CNA to gain a greater market share.

For the present the company has decided to stay with the Fifo (first in first out) accounting system. As a result, the dividend cover has been widened to cope with inflation and higher replenishment costs.

An interim dividend of 12.5 cents against 7.5 cents has been declared from first-half earnings per share of 59.7 cents compared with 29.5 cents. For the year to February 1981 earnings per share were 165.6 cents and the dividend total 50 cents.

## Unified Hong Kong SE elections

BY KEVIN RAFFERTY IN HONG KONG

UNIFICATION of Hong Kong's four stock exchanges moves an important step closer today with the election of the chairman and committee of the Stock Exchange of Hong Kong, as the new unified exchange will be known. The committee will be responsible for creating the new exchange, which now exists only on paper, so there is some excitement, and more than a little trepidation, about the election result.

Many issues remain to be settled, from the details of the new trading floor to the rules of membership. Overseas brokers are particularly worried as there is a feeling among some members that foreigners should not be allowed to deal and that the new exchange should be limited to Hong Kong brokers.

Uncertainty has been increased by the fact that the election will be on a straight first-past-the-post system. There are 54 candidates for the 21 places on the committee. The candidate who gets most votes will be chairman and the next four runners-up will be vice-chairmen. Voters have to vote for a full 21 names, neither more nor less.

With the domination of the Far East and Kam Ngan exchanges, which are by far the busiest and biggest and which account for more than 60 per cent of the 1,000-odd brokers entitled to vote, it might be possible to vote through a straight ticket, leaving the other two exchanges, the Hong Kong and Kowloon, out in the cold.

The Hong Kong and the Kowloon Stock Exchanges, with about 300 members in all, have agreed to support a joint list of 22 members. Informal meetings have taken place between the other two exchanges.

Front-runners for the job of chairman are Mr Ronald Li, the chairman of the Far East Exchange, and Mr Woo Hon-Fai, the chairman of the Kam Ngan Exchange. The election will be by secret ballot and will be supervised by the official Securities Commission. Trading will be closed for the day.

The unified stock exchange is supposed to come into existence in 1984 under the terms of legislation already enacted, but this deadline seems unlikely to be met, if only because the new building will not be ready. The existing stock exchanges have insisted that they must have a trading floor which will have places for all the members, which means a floor area of about 20,000 feet.

A suitable site has been found in the heart of central Hong Kong, but the space will not go out to tender until next month, and it will be February before the developer can be chosen. Even at Hong Kong building speeds, it will probably be 1985 before the building is ready.

# WORLD STOCK MARKETS

# Early Dow decline and rally

AFTER EASING at the outset yesterday Wall Street recovered a good deal of the lost ground later in the morning, helped by news of cuts in short-term interest rates by several major banks.

The Dow Jones Industrial Average, after slipping more than six points, had recovered to 836.47 by 1 pm, only 1.14 below the overnight level. The NYSE All Common Index was a net 1 cent up at $69.35, after declining to $69.11, while falls led rises by just a narrow margin at mid-session. There was a fairly active trade of 28.08m shares but was below Wednesday's 1 pm figure of 33.18m.

Yesterday morning, several banks cut their broker loan rates to varying levels, while Continental Illinois reduced its Prime Rate to 17½ per cent from 18.

Analysts attributed the initial weakness in the market to the 2.7 per cent fall in the September index of leading economic indicators, the largest one-month decline since April 1980.

Another depressant for the market was the U.S. Treasury's $8.75bn refunding programme, announced late on Wednesday, analysts added. Investors are concerned that the large refunding would put renewed upward pressure on interest rates.

Southland Royalty was the volume leader at $30⅜, down 7⅛. The company ended merger talks. Boeing was also active at $26⅛, up ¼. It has sold 11 aircraft to Piedmont.

THE AMERICAN SE Market Value Index, however, was down 2.41 at 306.77 at 1 pm after volume of 2.63m shares (2.90m).

## Canada

Natural Resources issues continued to lead markets lower in a fair turnover early yesterday.

The Toronto Composite Index fell 19.6 to 1,834.1 at mid-day, while Oil and Gas weakened 61.4 to 3,539.7, Golds 69.4 to 3,158.5 and Metals and Minerals 46.4 to 1,636.2.

## Tokyo

The market's recent improving trend broadened yesterday and became much sharper, with many Blue Chips advancing strongly and most Pharmaceuticals continuing to move ahead.

The Nikkei-Dow Jones Average, which gained 41 points on Wednesday, forged ahead 106.27 more to 7,428.25, while the Tokyo SE rose 6.65 to 548.21. There was a fair volume of 350m shares, although lower than the previous day's 430m.

Pointing out that the Nikkei-Dow Index had been going up all this week, brokers speculated that it may be the beginning of a general rise. One commented that "judging from the way Blue Chips have been moving, this may be the start of a steady rebound."

Light Electricals, Motors, Heavy Electric Machines, Precision Instruments, Oils and Pharmaceuticals were particularly favoured, but some speculative shares stalled after surging in recent sessions.

Motor shares were all stronger on expectations for new models at the motor show, overcoming the basic weakness stemming from Government promises last spring to curb exports to the U.S. and some other industrialised countries. Nissan climbed Y44 to Y849 and Toyota Y50 to Y1,150.

Honda advanced Y33 to Y928 on speculation that a new car model that the company is introducing at the motor show, which opens in Japan today, will become a fast seller.

Green Cross stood out among Pharmaceuticals, climbing Y40 to Y1,850 for a two-day rise of Y70. Contributing to the gain, brokers said, was an article in a U.S. business magazine predicting a strong future earnings performance for the company due to the expected marketing of artificial blood next year. The company's application for commercial sales is now pending before the Health and Welfare Ministry.

Elsewhere, Sony moved ahead Y160 to Y4,250, Canon Y33 to Y983, Hitachi Y15 to Y640, Ricoh Y48 to Y715 and Teikoku Oil Y34 to Y914.

## Australia

The market's weak attempt to rally in the previous session was quickly forgotten yesterday as renewed selling pressure forced prices mainly lower.

The slide, led by the larger Resource stocks, cut 10.2 off the All Ordinaries index, which finished at a 16-month low of 545.8, amid concern that coming U.S. Government funding programmes could put new upward pressure on interest rates. The Metals and Minerals index slipped 16.0 to 410.6 and Oil and Gas 11.1 to 554.2.

BHP retreated 20 cents to a two-year low of A$9.74 following reports that the company is planning to close its Kwinana blast furnace.

Despite some good news, CSR also declined, losing 13 cents at A$4.10: CSR disclosed that it had apparently won full control of Delhi International without too much difficulty and had joined other companies in buying a stake in the Paringa gold leases.

Among Minings, MIM fell 17 cents to A$3.03, Western Mining 22 cents more to A$3.78, CRA 20 cents to A$2.80, Peko-Wallsend 30 cents to A$5.20 and North BH 10 cents to A$2.40.

In the Oil and Gas sector, Hartogen dipped 15 cents to A$4.60 and Santos 10 cents to A$4.80.

## Germany

Bourse prices generally declined in a technical reaction to the previous day's advance. The Commerzbank index, which rose 12.7 on Wednesday, receded 5.8 to 675.5.

Brokers described trading as listless with most market participants concentrating on month-ending position squaring operations, where selling predominated.

In Electricals, Siemens resumed its recent fall, ending DM 3.10 down at DM 208, amid market rumours that the company will announce a sharp decline in earnings for the 1980-81 fiscal year ending September 30 following a meeting of the Siemens Board on November 11.

Prices of Public Authority Loans showed falls ranging to 60 pfennigs but some gains of up to 20 pfennigs. Buying interest was scant, with investors awaiting today's result of the Bundesbank's securities repurchase tender. The Bundesbank bought DM 9m of paper after selling DM 4.9m on Wednesday.

## Hong Kong

Stocks tended to recover further yesterday in much improved trading activity. The Hang Seng Index, after falling 38.74 on Wednesday, added 11.43 at 1,251.71. Turnover on the four exchanges amounted to HK$325.10m, the largest for two weeks and well above the light volume of HK$212.40m registered in the somewhat shorter Wednesday session.

A further improvement in the Hong Kong dollar helped overall market sentiment, and analysts said they were most encouraged by the level of turnover, which indicates investors are regaining enough confidence to return funds to trading. "It's slowly breaking out of the doldrums," commented one analyst.

Properties were mixed, but the better quality issues showed the best gains. Cheung Kong gained 30 cents to HK$20.30, Carrian 30 cents to HK$7.05 and HK Land 20 cents to HK$8.85.

## Johannesburg

Gold shares were inclined to lose ground, reflecting the lower Bullion price, but some late buying interest took a few shares off their day's lows.

**Closing prices for North America were not available for this edition.**

## Indices

| | Oct. 29 | Oct. 28 | Oct. 27 | Oct. 26 | 1981 High | 1981 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All Ord. (1/1/80) | 543.8 | 556.0 | 556.2 | 562.3 | 737.3 (6/4) | 545.8 (29/10) |
| Metal & Minrls (1/1/80) | 410.6 | 426.6 | 427.6 | 434.8 | 755.2 (7/1) | 410.6 (29/10) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 54.45 | 54.48 | 54.58 | (c) | 56.45 (5/1) | 53.64 (15/10) |
| **BELGIUM** | | | | | | |
| Belgian SE (31/12/63) | 72.15 | 71.61 | 71.75 | 71.91 | 86.15 (17/2) | 69.56 (16/6) |
| **DENMARK** | | | | | | |
| Copenhagen SE (1/1/73) | 118.22 | 118.28 | 117.12 | 116.85 | 119.00 (25/6) | 95.38 (2/1) |
| **FRANCE** | | | | | | |
| CAC General (29/12/61) | 88.5 | 88.7 | 88.6 | 89.2 | 112.5 (17/3) | 77.3 (15/6) |
| Ind Tendance (31/12/80) | 95.5 | 95.8 | 95.8 | 96.0 | 108.3 (10/3) | 79.2 (12/6) |
| **GERMANY** | | | | | | |
| FAZ-Aktien (31/12/58) | 220.75 | 221.93 | 218.58 | 218.61 | 245.47 (5/7) | 215.68 (9/2) |
| Commerzbank (Dec 1953) | 675.5 | 661.3 | 668.6 | 668.5 | 749.0 (3/7) | 665.4 (18/2) |
| **HOLLAND** | | | | | | |
| ANP-CBS General (1970) | 82.3 | 82.3 | 82.9 | 82.8 | 86.8 (20.8) | 79.5 (28/9) |
| ANP-CBS Indust (1970) | 62.4 | 63.3 | 63.2 | 63.7 | 76.4 (22/6) | 62.0 (28/9) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1251.71 | 1270.28 | 1251.64 | 1225.06 | 1810.20 (17/7) | 1115.77 (5/10) |
| **ITALY** | | | | | | |
| Banca Comm Ital (1972) | 184.07 | 182.41 | 187.43 | 186.25 | 292.05 (5/6) | 165.44 (24/7) |
| **JAPAN**** | | | | | | |
| Dow Average (16/5/49) | 7428.25 | 7321.98 | 7280.58 | 7261.60 | 8019.14 (17/8) | 6956.52 (15/1) |
| Tokyo New SE (4/1/68) | 548.21 | 541.56 | 538.22 | 537.86 | 605.92 (17/8) | 495.73 (5/1) |
| **NORWAY** | | | | | | |
| Oslo SE (1/1/72) | 131.46 | 130.59 | 130.74 | 132.36 | 145.72 (6/8) | 110.54 (5/6) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 654.36 | 656.54 | 658.35 | (c) | 873.26 (26/6) | 615.26 (1/9) |
| **SOUTH AFRICA** | | | | | | |
| Gold (1958) | (u) | 671.4 | 658.8 | 661.1 | 797.6 (7/1) | 475.8 (8/7) |
| Industrial (1958) | (u) | 694.0 | 693.7 | 698.3 | 709.4 (21/10) | 537.2 (8/2) |
| **SPAIN** | | | | | | |
| Madrid SE (30/12/80) | 125.17 | 124.80 | 127.05 | (c) | 146.13 (8/9) | 100.46 (2/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P. (1/1/58) | 594.77 | 585.17 | 575.27 | 567.74 | 660.51 (19/8) | 404.17 (20/1) |
| **SWITZERLAND** | | | | | | |
| SwissBankCpn. (31/12/58) | 246.0 | 249.8 | 247.4 | 246.5 | 304.2 (2/4) | 245.5 (26/10) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | — | 137.7 | 136.8 | 138.2 | 162.8 (6/1) | 133.8 (28/9) |

(**) Sat Oct. 24: Japan Dow 7245.00, TSE 537.21.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

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# Takeover to affect Acli Int.

By Our Commodities Editor

ACLI International, the U.S.-based commodity trading house, is planning a retrenchment of its operations at the urging of its new owners, Donaldson Lufkin and Jenrette, the Wall Street investment company that completed the take over of Acli.

It was reported that two of Acli's operating divisions—Acli Sugar and Acli Marine—are to close today and the soyabean and seafood division are likely to close shortly too.

Mr Richard Jenrette, chairman of Donaldson Lufkin, said there was no desire to have Acli withdraw from physical trading, but there was likely to be some shifting in emphasis.

The takeover in September followed rumours in August that Acli had suffered heavy trading losses in the silver, coffee, cocoa and sugar markets.

A spokesman for Israel Woodhouse, the London subsidiary of Acli, said the UK company would not be affected by the planned closures.

# Gill & Duffus tightens curbs on trading

By Our Commodities Staff

GILL AND DUFFUS is working round the clock to tighten controls on its trading activities following the heavy losses suffered by the group in Hong Kong, Mr Pat Aitken, chairman of the group, said yesterday.

However, he pointed out that it was extremely difficult to cope with the kind of situation that had occurred in Hong Kong, where the traders involved were basically attempting to cover up the failure to execute a client's order and then incurred further losses in unauthorised trading.

Mr Aitken said the biggest mistake was made in the cocoa market by the Hong Kong subsidiary, which is a commission gathering centre that trades primarily on the world commodity markets both in London and the U.S. He confirmed that the two traders involved had been dismissed. But the group has no plans to close the Hong Kong company which is building up trading with China. All contractual and financial obligations will be met.

Gill and Duffus has reduced its estimate for profit before taxation for 1981 by £4m to £20m, but intends recommending the same final dividend of not less than 4.8p net.

# Wheat harvest forecast down

BY OUR COMMODITIES EDITOR

THE International Wheat Council has reduced its forecast for the 1981 world wheat crop by 4m tonnes to 450m tonnes, mainly because of the shortfall in the Soviet harvest. The reduction means that the 1981 crop is no longer expected to exceed the record harvest of 461m tonnes achieved in 1979.

Carry-over stocks in the five major exporting countries, according to the Wheat Council's market report issued yesterday, are now expected to decline to 43.1m tonnes against 44.5m tonnes a year ago. World trade in wheat and wheat flour however, is forecast to rise in 1981-82 to 102m tonnes compared with 93m tonnes in 1980-81.

Imports of wheat by the USSR are expected to jump to 17m tonnes in the 1981-82 season alone, plus a further 20.5m tonnes of feedgrains and 2m tonnes of soyabeans.

The report notes that the forecasts on production and trade point to a tightening in the supply and demand for wheat in the current crop year.

Imports by China are forecast to rise to 14m tonnes, compared with 13.5m tonnes in 1980-81. The increase in imports comes in spite of predictions that Chinese grain output this year will rise to 326.5m tonnes, including 143m tonnes of rice.

Meanwhile, Reuter reports from Canberra that the finance committee of the Australian grains industry conference has said the Federal Government should allow the Australian Wheat Board to borrow funds overseas and to use futures markets for hedging.

At an Australian grains industry conference, the committee said the board, which now relied almost exclusively on domestic borrowing, should be able to borrow without any constraints.

# U.S. probing exports of European poultry

WASHINGTON—Mr William Brock, U.S. trade representative, has announced a new investigation to see if West European poultry exports are hurting the U.S. industry and what action should be taken.

Mr Mike Hathaway, Mr Brock's deputy, said that a request for formal consultations will go out to the EEC in the next five days.

The "chicken war" of the 1960s has fought against the West Europeans, because they raised their protective duties against U.S. chicken exports after promising to hold the duties stable. The dispute was submitted to the General Agreement on Tariffs and Trade (GATT) which gave the U.S. permission to retaliate.

As a result, the United States still charges a 25 per cent duty on imports of light trucks from West Germany instead of the normal 8.5 per cent.

Mr Brock announced the poultry probe at a meeting of the House of Representatives sub-committee on Trade. The investigation is one of a series he has ordered into European farm subsidies.

American farm organisations argue that these subsidies tend to lower world prices and to take business away from American exporters.

In Brussels meanwhile, the European Commission gave Ireland five days to lift its ban on the import of poultry and eggs from Common Market countries which vaccinate against fowl pest.

If Dublin does not comply, the Commission will bring it before the European Court of Justice for violation of the Treaty of Rome, which requires the free circulation of goods.

The Irish ban, imposed last summer, was based on health reasons.

AP

# Eggs dearer

British egg prices are heading upwards again in response to the normal seasonal rise in demand which accompanies the onset of colder weather.

Goldenlay, the country's biggest egg market co-operative, announced yesterday that it was raising the price of sizes one and two (large) eggs by 1p a dozen, size three by 2p sizes four and five by 4p, size six by 3p and size seven by 2p. The rises will take effect on Monday.

# Cocoa rises on pact changes

By Our Commodities Staff

LONDON COCOA prices moved higher yesterday encouraged by news that alterations had been made to International Cocoa Agreement buffer stock buying arrangements.

Support buying began at the beginning of this month but was quickly abandoned when it did not have the desired effect on prices. The International Cocoa Organisation announced on Wednesday that the buying price, previously fixed a day in advance, will now be set on the day of purchases and may be adjusted at any time to suit market conditions. This will allow the buffer stock manager more flexibility in his efforts to influence the market.

Prices opened lower yesterday but a later rise was attributed to improved hopes for the effectiveness of buffer stock operations.

The March futures position, which slipped to £1,157 a tonne early on, climbed to £1,184 at one stage before closing £14.50 up on the day at £1,174 a tonne.

Dealers said the late fall was due to hedging against Ivory Coast producer sales coupled with the rise in sterling.

# Thai output of sugar up this year

BANGKOK — Thailand's sugar output in the 1981-82 season (November to May) is expected to increase to 2.4m tonnes, according to the latest estimate of the Thai Sugar Cane and Sugar Policy Committee of the Industry. The committee did not mention 1980-81 output, but trade sources put it at 1.6m tonnes.

The committee forecast output at 600,000 tonnes of white sugar for domestic consumption and 1.8m tonnes of raws for export, a rise of 300,000 tonnes on previous trade and official forecasts for this year.

Meanwhile in Johannesburg, the Sugar Association has confirmed a sugar sale to Japan in the past week but declined to detail the amount or price. In the past, South Africa has exported annually about 350,000 to 400,000 tonnes to Japan.

Earlier in the week, Japan bought about 50,000 tonnes of sugar from Australia and South Africa at a discount for end-1981 delivery.

Reuter

# Decline in lead and zinc values spreads to other metals

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD AND ZINC led a general decline in prices on the London Metal Exchange yesterday. Markets were depressed by the rise in the value of sterling against the dollar and continued absence of consumer demand.

Cash lead dropped by £11 to £374.5 a tonne on fears of further U.S. price cuts following the failure of demand to pick up at a time when there is normally a seasonal boost in consumption. Cash zinc closed £10.5 down at £500.5 a tonne in spite of reports that unions were threatening to picket Tara Mines in Ireland to halt maintenance work that has continued since the strike there started in July.

Cash aluminium lost £8.5 to £607.5 a tonne and is now threatening to fall below £600 as a result of surplus supplies building up in the face of weak demand.

Copper cash wirebars were also £5.25 lower at £900.25 a tonne, after dipping below £900 at one stage. The market was depressed by the statement from the U.S. producer, Phelps Dodge, that it was cutting back production still further because of unsatisfactory world copper prices. Mr Charles Barber, the chairman of Asarco, said last night in New York that copper was being hurt by the downturn in automobiles and housing, which accounted for over 40 per cent of total sales.

Silver prices were lower too, following news that Eastman Kodak in the U.S. was studying a project to mass-market a "film-less camera."

Nancy Dundee in Washington adds: The General Services Administration, at its third weekly auction of 1.25m ounces of U.S. Government stockpiled silver, demonstrated once again that bids below prevailing market levels will not be acceptable.

Out of the ten legitimate offers made for a total of 2.9m ounces, only five bids were accepted.

Interest in the sale seemed to wane this week as traders concentrated on news of the U.S. Treasury quarterly re-financing, the proposed sale of Awacs to Saudi Arabia and the strike in Poland. While the number of bidders has sunk from 25 in the first week to 13 last week to ten today, the amount of silver actually sold has risen from 160,000 ounces the first week, to 224,000 ounces last week, to 488,000 ounces this week.

GSA officials claim to be "pretty well pleased" with the results of the sale. However, they have been authorised to dispose of 46.5m ounces this year. Unless the bidding picks up — which is seen as unlikely during a recession — the agency will have to lower its price standards and risk displeasing silver producing countries and congressmen opposed to the sale—or they will never manage to dispose of all 46.5m ounces this year.

Silver authorised for sale by Congress must be sold this year or returned to the stockpile. At the end of the year, the President will be required to re-evaluate his policy.

FARMER'S VIEWPOINT

# The worrying economics of sheep rearing

EVERY AUTUMN I buy three hundred ewe lambs in the North of England to replenish my flock. I keep these for a year and then mate them as maiden ewes next October when they have benefited from the kinder environment of the South of England. Last year they cost me about £30 delivered. This time the figure was £36. I grumbled about this to my supplier but he told me that I was lucky, and that the price had risen steadily since the early sales when mine had been bought. At the last of the season's sales they would have fetched some £40 or more, he said.

The alternative to buying ewe lambs would be to wait a year and then buy them as maiden ewes, but this year the price for an equivalent ewe would have been around £65, and could have been higher. This is a difference of £30 a head, and I can keep them through the period for less than that.

Incidentally, the price of ewes in the South of England were rather below those ruling for the same sheep in the North and in Scotland and quite a few were sent North again after spending a year in the South.

The main beneficiaries of the boom—for boom it has been—are the hill farmers who produce the lambs. They are in a monopoly position because it has been proved by long practice that the ideal ewe for lowland conditions is a cross between a pure hill ewe and a Leicester type ram. There are two main breeds of these. The Border Leicester and the Bluefaced Leicester. These are big sheep, the only significant difference between them being that the Border has a white face, the other a shade of grey. The Boarder Leicester is said to be the less hardy.

They are bred to pass on to their offspring, when mated to a hill ewe, characteristics of prolificacy and milking. They are far from being hill sheep themselves being delicate and needing very careful husbandry even to keep them alive. But they are essential to the chain of production of breeding ewes which excel in productivity. The reason for this is the element of hybrid vigour which comes from any crossing of two strains within a species—an element which even the most modern genetic research accepts but cannot explain.

I must confess here that on a previous occasion when I thought the price of ewe lambs had risen beyond reason I did try to produce my own crossbreds from my existing hybrids with the use of other breeds of ram. But I did not improve on those I had bought although they were serviceable enough. I would do this again if I thought that I was being held to ransom by avaricious hill farmers.

The basic reason for the price increase was really the encouraging results of the first year's operation of the Common Market sheep regulation. This has effectively raised sheep meat prices by about 20 per cent over the past year. For instance, the total return on lambs for September 1980 was 150 pence per kilo while for September 1981 it amounted to 180 pence per kilo.

Consumers here have been shielded from the full weight of this increase as the price has been supported by a weekly deficiency payment and a headage payment on ewes as well. In fact from the sheep farmers point of view it has been an ideal solution—an open-ended guarantee from Brussels. The EEC pays, and there can be no question of harsh Treasury cuts in the guarantee. But there are some questions.

There used to be a flourishing export trade principally to France which was in the end blocked by the lamb war with France illegally stopping imports. The regulation stopped the war and theoretically allowed for exports. However, exports suffered the imposition of a clawback equivalent to the subsidy for the week imposed on every exported carcase.

A couple of months ago a fall in the value of sterling against the franc and a declining clawback made exporting possible again. The clawback fell because there was a rise in the market price here and lambs could be held for a week to take advantage of the following week's reduced clawback. This is a complicated situation but exporters include some very able operators.

Yet recently, the export trade has become difficult. Sterling has appreciated and the clawback instead of falling weekly has been rising again. The trade in France is also said to be weakening although it is still higher than the level ruling in Britain. But it is not high enough to encourage imports.

There are reports of consumer resistance to lamb prices in Britain. This resistance, associated with the recession, has probably been the cause of recent weakness in wholesale markets.

A key factor here could be the supply of New Zealand lamb. So far this year, New Zealand imports into the Community—mainly the UK—are running some 30,000 to 40,000 tonnes short of entitlement. But if the interruption of New Zealand exports to Iran continues much longer, it is possible that some of this meat may be diverted here with disastrous consequences for the market. There is plenty of room for anxiety.

JOHN CHERRINGTON

# BRITISH COMMODITY MARKETS

## BASE METALS

BASE-METAL PRICES remained under pressure on the London Metal Exchange. LEAD fell away to a low of £364 on renewed general liquidation before recovering to close at £369, while ZINC was finally £518, after £512. COPPER closed at £930.5, having fallen to £928 on chartist selling. TIN [illegible]. ALUMINIUM closed at £634.5 and NICKEL at £2892.5.

| COPPER | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 897.5 | | 900.5 | −5.25 |
| 3 months | 927-.5 | | 929.5 | −6.25 |
| Settlem't | 897.5 | | — | |
| Cathodes | | | | |
| Cash | 893.5-4 | | 895-.7 | −4.5 |
| 3 months | 922-.5 | | 923.5 | −6.5 |
| Settlem't | 894 | | — | |
| U.S. Prod | — | | — | |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £897.50. Higher grade three months £930.00, 28.50, 28.00, 27.50, 27.00, 27.50, 28.00. Cathodes, three months £922.00, 23.00, 22.50. Kerb: Wirebars, three months £928.00, 25.50, 26.00, 26.50. Afternoon: Wirebars, three months £928.00, 27.50, 30.00, 29.50. Kerb: Wirebars, three months £928.00, 29.50, 30.00, 30.50, 31.00, 30.50. Turnover: 20,150 tonnes.

| TIN | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| High Grade | | | | |
| Cash | 8145-50 | | 8140-50 | −7.5 |
| 3 months | 8355-60 | | 8350-1 | |
| Settlem't | 8150 | | — | |
| Standard | | | | |
| Cash | 8145-50 | | 8140-50 | −7.5 |
| 3 months | 8355-60 | | 8350-1 | |
| Settlem't | 8150 | | — | |
| Straits E. | | | | |
| New York | — | | | |

Tin—Morning: Standard, cash £8150, 45, three months £8350, 60. Kerb: Standard, three months £8365, 55, 50, 51. Kerb: Standard, three months £8350, 52. Turnover: 1,305 tonnes. Afternoon: Standard, cash £8145, three months £8357, 55, 57, 55, 56, 57, 58.

| LEAD | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 373.5-4.5 | −12.5 | 374-.5 | −11 |
| 3 months | 387.5 | −12 | 388-.5 | −9 |
| Settlem't | 372 | −16 | — | |
| U.S. Spot | — | | *36.40 | |

Lead—Morning: Cash £375, three months £387, 87.50, 87.00. Kerb: Three months £386, 85, 84, 85. Afternoon: Cash £374, three months £387, 89, 91, 92, 90, 88, 89.50, 89. Kerb: Three months £389, 89.50, 88, 87.50, 88, 89, 89.50.

| ZINC | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 499.5-500 | −4.75 | 500-1 | −10.5 |
| 3 months | 514.5-5 | −9.5 | 515-6 | −9.25 |
| S'ment | 500 | −9 | — | |
| Primw'ts | — | | *45.5-50 | |

Zinc—Morning: Cash £500, three months £515, 14, 14.50, 15, 14.50, 15, 14.50. Kerb: Three months £516, 15.50, 14. Afternoon: Three months £516, 17, 17.50, 17.00, 16.50, 16.00, 16.50. Kerb: Three months £517, 16.50, 17. Turnover: 5,850 tonnes.

| Aluminm | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 605-.5 | −10 | 607-8 | −8.5 |
| 3 months | 631-.5 | −9.5 | 633.5-4 | −7.5 |

Aluminium—Morning: Cash £604, three months £632, 34.50, 34, 32, 31.50. Kerb: Three months £631, 31.50, 31. Afternoon: Three months £632, 33, 34, 33.50. Kerb: Three months £634, 34.50, 33, 33.50, 34, 34.50, 34. Turnover: 26,625 tonnes.

| NICKEL | a.m. Official | + or − | p.m. Unofficial | + or − |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 2795-7 | −44 | 2815-25 | +16.5 |
| 3 months | 2865-75 | −42.5 | 2885-95 | +25.5 |

Nickel—Morning: Cash £2805, three months £2875, 80, 85, 87, 85. Kerb: Three months £2870. Afternoon: Three months £2870, 80, 90. Kerb: Three months £2890. Turnover 372 tonnes.

* Cents per pound. † M$ per kilo. ‡ On previous unofficial close.

## SILVER

Silver was fixed 13.65p an ounce lower for spot delivery in the London bullion market yesterday, at 489.65p. U.S. cent equivalents of the fixing levels were: spot $9.3310, down 23.5c; three-month $9.3930, down 23.6c; six-month $9.5420, down 23.5c; and 12-month $10.4020, down 23.6c. The metal opened at 490-493p ($9.32-9.38) and closed at 487½-490½p ($9.33-9.38).

| SILVER per troy oz. | Bullion fixing price | + or − | L.M.E. p.m. Unoffic'l | + or − |
|---|---|---|---|---|
| Spot | 489.65p | −13.5 | 489.0p | −16.5 |
| 3 months | 508.15p | −14.8 | 508.25p | −11.2 |
| 6 months | 526.10p | −14.6 | — | |
| 12 months | 567.15p | −14.6 | — | |

LME—Turnover 92 (48) lots of 10,000 ozs. Morning: three months 509.0, 09.0, 08.0, 07.5, 07.0. Afternoon: three months 508.5, 09.0, 08.0. Kerbs: three months 510.0, 11.0, 12.0, 14.0, 15.0.

## COCOA

Futures remained steady in thin conditions as trade and commission houses short covering lifted prices. Actuals business was scarce other than limited inquiry for nearby cocoa, reports Gill and Duffus.

| COCOA | Yest'rday's Close | + or − | Business Done |
|---|---|---|---|
| Dec | 1170-78 | +14.5 | 1182-54 |
| March | 1173-75 | +14.5 | 1184-57 |
| May | 1172-73 | +13.0 | 1182-65 |
| July | 1171-73 | +11.5 | 1182-70 |
| Sept | 1175-77 | +13.5 | 1185-74 |
| Dec | 1182-85 | +13.0 | 1192-82 |
| March | 1190-03 | +11.5 | — |

Sales: 3,886 (3,381) lots of 10 tonnes.

ICCO—Daily price for October 29: 93.50 (91.86); indicator prices for October 30: 92.76 (92.82).

## COFFEE

A firm "C" close inspired a steady London opening, as early short-covering created recent new highs, reports Drexel Burnham Lambert. Trade selling and dealer profit-taking restricted any further advance and values drifted lower.

| COFFEE | Yesterday's Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov | 1120-24 | −13.5 | 1150-20 |
| Jan | 1134-36 | −12.5 | 1158-34 |
| March | 1129-30 | −15.0 | 1155-29 |
| May | 1130-42 | −12.0 | 1151-30 |
| July | 1128-30 | −12.5 | 1148-33 |
| Sept | 1132-33 | −10.0 | 1148-30 |
| Nov | 1125-45 | −12.5 | — |

Sales: 4,289 (4,322) lots of 5 tonnes.

ICO 1979 indicator prices for Oct 28: (U.S. cents per pound): Comp daily 120.94 (119.22); 15-day average 117.70 (117.46).

## GAS OIL FUTURES

The market opened unchanged and rallied $2 before profit-taking pushed the market back to the lows in quiet conditions as traders awaited the outcome of the Opec meeting, reports Premier Man.

| Month | Yesterdys close | + or − | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| October | 327.00 | +4.50 | 327.00-22.50 |
| November | 325.25 | +1.00 | 324.00-22.00 |
| December | 324.75 | +0.50 | 325.50-24.00 |
| January | 326.00 | +0.50 | 326.50-25.50 |
| February | 326.50 | +0.25 | 326.75-26.00 |
| March | 327.00 | — | — |
| April | 325.75 | — | — |
| May | 327.00 | −0.25 | 327.50-27.00 |
| June | 327.50 | −0.75 | 328.00-27.50 |

Turnover: 757 lots of 100 tonnes.

## COTTON

LIVERPOOL—Spot and shipments sales amounted to 110 tonnes. Few stimulating influences were to hand, and the turnover consisted of specialist needs. Most activity was shown in Middle Eastern growths, although African qualities were not neglected.

## POTATOES

LONDON POTATO FUTURES—Profit-taking and fresh selling inspired by easier physical prices, lowered values on all positions, reports Coley and Harper. Closing prices: Nov 78.00, −0.30 (high 78.10, low 76.00); Feb 91.00, −0.30 (high 92.00, low 91.00); April 104.00, −1.20 (high 105.00, low 104.00). Turnover: 200 (253) lots of 40 tonnes.

## GRAINS

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterd'ys close | + or − | Yesterday's close | + or − |
| Nov | 105.65 | +0.20 | 100.35 | −0.05 |
| Jan | 108.60 | — | 103.85 | −0.05 |
| Mar | 112.35 | — | 107.30 | −0.15 |
| May | 115.90 | −0.10 | 110.75 | −0.05 |
| July | 119.40 | −0.05 | — | |
| Sep | 106.55 | −0.15 | 100.70 | — |

Business done—Wheat: Nov 105.95-105.60, Jan 108.90-108.40, Mar 112.25-112.10, May 115.90-115.80, July 119.40-119.20, Sept no trades. Sales: 177 lots of 100 tonnes. Barley: Nov 100.35-100.25, Jan 103.85-103.85, Mar 107.25-107.20, May 110.70-110.65, Sept no trades. Sales: 95 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Oct 115.50, Nov 118.75, Dec 119.25 transhipment East Coast sellers. English Feed fob Nov 110.50 East Coast seller. Maize: French early Nov 127.25 quoted transhipment East Coast seller. S. African White Nov 86.25 seller. S. African Yellow Nov 86.25 seller. Barley: English Feed fob Nov 105.50 East Coast Scotland seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: N. West 109.50. Feed barley: S. East 98.90, N. West 99.70, N. West 98.90. The UK Monetary Coefficient for the week beginning Monday November 2 (based on HGCA calculations using five days exchange rates) is expected to remain unchanged.

## RUBBER

The London physical market opened slightly steadier and attracted little interest throughout the day, to close on an easier note. Lewis and Peat reported an fob price for No. 1 RSS in Kualar Lumpur of — (228.0) cents a kg and SMR 20 — (179.0).

| No. 1 R.S.S. | Yest'r'ys close | Previous close | Business Done |
|---|---|---|---|
| Nov | 56.50-56.90 | 56.00-57.00 | 56.90-56.80 |
| Dec | 57.20-57.50 | 57.10-58.00 | — |
| Jan-Mar | 58.30-58.40 | 58.40-58.70 | 59.20-58.30 |
| Apl-Jne | 62.40-62.50 | 62.60-62.70 | 63.20-62.30 |
| Jly-Sept | 65.80-65.80 | 65.90-65.90 | 66.20 |
| Oct-Dec | 69.30-69.40 | 69.20-69.50 | 69.50-69.40 |
| Jan-Mar | 72.60-72.70 | 72.50-72.70 | — |
| Apl-Jne | 75.90-76.00 | 75.90-76.00 | 76.10-76.00 |
| Jly-Sept | 79.10-79.30 | 79.10-79.30 | 79.90 |

Sales: 200 (133) lots of 15 tonnes 9 (1) at 5 tonnes.

Physical closing prices (buyer) were: Spot 55.00p (same); Dec 53.00p (53.50p); Jan 54.25p (54.75p).

## SOYABEAN MEAL

The market opened slightly better in thin conditions, reports T. G. Roddick. Prices traded in narrow ranges with commission house buying and trade selling.

| | Yesterdys Close | + or − | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 131.60-31.7 | +0.40 | 131.70-31.3 |
| February | 135.20-35.5 | +0.50 | 135.50-35.0 |
| April | 137.80-38.0 | −0.10 | 138.30-38.00 |
| June | 140.00-40.5 | +0.25 | 140.50 |
| August | 141.00-45.5 | — | — |
| October | 142.00-47.0 | −0.50 | — |
| Dec | 145.50-50.0 | +0.75 | — |

Sales: 166 (192) lots of 100 tonnes.

## WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 380, 400, 400; Dec 377, 382, 377; Jan 380, 384, 379; Mar 391, 393, 392-391; May 398, 401, 398; Aug 412, 413, nil; Oct 417, 419, 418-417; Dec 421, 423, 423-422; Jan 423, 425, 424; Mar 429, 432, 430-429. Sales: 51.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 485.0, 486.5-484.0; Mar 500.0, 500.5, 501.0-500.0; May 514.0, 514.4, 515.0-514.0; July 524.0, 524.5, 524.5-523.0; Oct 521.0, 522.0, 522.0-521.0; Dec 526.0, 527.0, untraded; Mar 531.0, 533.0, untraded. Sales: 120.

## SUGAR

LONDON DAILY PRICE—Raw sugar £158.00 (£153.00) a tonne cif Oct-Nov-Dec shipments. White sugar daily price £179.00 (£176.00).

The market failed to match the previous high prices paid although a steady undertone persisted over the day, reports C. Czarnikow.

| No.4 Contract | Yest'rdy's close | Previous close | Business done |
|---|---|---|---|
| | £ per tonne | | |
| Jan | 162.50-62.75 | 159.80-59.50 | 162.50 |
| March | 168.75-68.90 | 166.85-67.00 | 173.00-66.50 |
| May | 172.50-72.75 | 170.60-70.75 | 176.75-70.60 |
| Aug | 176.50-76.60 | 174.40-74.50 | 178.50-75.50 |
| Oct | 181.65-81.75 | 178.45-79.50 | 184.00-81.70 |
| Jan | 181.50-83.50 | 181.00-81.50 | 184.00-85.00 |
| March | 186.00-87.00 | 183.00-85.00 | 187.00 |

Sales: 7,652 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.0 (same) a tonne fob for home trade and £267.5 (£262.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Oct 28: Daily price 11.48 (11.30): 15-day average 11.85 (11.92).

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 75.0 to 80.0; Ulster hindquarters 85.5 to 88.0, forequarters 60.0 to 61.8. Veal: Dutch hinds and ends 123.0 to 126.0. Lamb: English small 63.0 to 70.0, medium 62.0 to 67.0; Imported Frozen: New Zealand PL 64.8 to 66.0. Pork: English, under 100 lb 42.0 to 56.0, 100-120 lb 46.8 to 55.0, 120-160 lb 44.2 to 53.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 90.40p per kg lw (+0.46). UK—Sheep 153.29p per kg est dcw (−0.72). GB—Pigs 80.59p per kg lw (−1.40).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 112 5.35, 138 5.30, 150 4.85. Satsumas—Spania: 3.50-4.00. Lemons—Outspan: 53/68 4.00-4.50; Cypriot: 5.50-6.50; Turkish: 5.00-6.00; Italian: 80/150s 7.00-7.50. Grapefruit—U.S.: Pink 48s 8.00; Cuban: 36/40/48s 4.10-4.40, pink 32/48s 4.40-4.80; Jaffa: 42/60 5.40-6.00; Honduras: 6.00; Cypriot: 6.00. Apples—French: new crop Golden Delicious 20 lb 3.50, 40 lb 6.00-7.00. Stark Crimson 40 lb 7.00-7.80, 20 lb 3.50-3.60, Granny Smith 7.50-8.80; Spanish: Golden Delicious 40 lb 5.40-6.00; U.S.: Red Delicious 8.00-13.50; Dutch: Golden Delicious 26 lb 4.00, Cox's Orange Pippin 26 lb 5.40. Pears—French: per pound Comice 0.18-0.23; Dutch: Comice 14 lb 3.30-3.60; Italian: per pound Williams' 0.18-0.21. Plums—U.S.: per pound 0.45-0.55. Peaches—U.S.: 60/64 15.00. Grapes—Spanish: Almarra 11 lb 2.40-2.60, Negra 2.50-2.70; Italian: Italia, per pound 0.25-0.35. Strawberries—U.S.: 1.50; Italian: per pound 0.40-0.50. Raspberries—U.S.: 1.50. Melons—Spanish: 10 kilos green 3.00-4.00. Pineapples—Ivory Coast: each 0.40-1.00. Bananas—Colombian: per pound 0.19. Avocados—U.S.: large box 5.50-6.00, small box 4.00-4.50; Israeli: 4.60-5.60; Canary: 3.50-4.50. Pomegranates—Spanish: 24/60s 2.20-3.00. Dates—Tunisian: 30s 0.50-0.60; U.S.: 0.50. Figs—Turkish: 48 x 8 oz 0.19-0.23. Tomatoes—Dutch: 2.00-2.40; Spanish: 1.50-2.50. Onions—Spanish: Grano 3/5 3.60-3.80. Capsicums—Dutch: 5 kilos, red 5.80, green 3.60, yellow 9.00; Spanish: red 4.00, green 3.00. Aubergines—Dutch: 5 kilos 7.00. Cabbages—Dutch: white 2.80, red 3.00. Broccoli—Italian: 10 lb 3.00. Chillies—Dutch: 3 kilos 3.00. Artichokes—French: Globe 24s 8.00. Chicory—Belgian: 3 kilos 3.00-3.20. Carrots—Dutch: 20 lb 1.80, pre-pack 2.80. Endive—French: 4.50. Fennel—Italian: 25 lb 6.00; Dutch: 11 lb 5.00. Asparagus—Australian: 1.50-1.80; South African: 1.80-2.20; New Zealand 2.20. Cauliflower—Jersey: 24s 7.00, 16s 6.00. Lettuces—Dutch: 24s 3.20-3.40. Chestnuts—Italian: 5 kilos 3.00-5.00; Spanish: 3.00-4.50.

English Produce: Potatoes—per 55 lb white 2.40-2.70, red 2.60-3.00, King Edwards 2.80-3.30, jacket 3.20-3.50. Mushrooms—per pound, open 0.40-0.60, closed 0.60-0.80. Apples—per pound. Bramley 0.12-0.20, Cox's 0.18-0.28, Laxton's 0.14-0.20, Worcester Pearmain 0.12-0.20, Russets 0.15-0.20. Pears—per pound Conference 0.16-0.18, Comice 0.15-0.22. Tomatoes—per 12 lb D/E 1.60-1.80. Cauliflowers—per 12 2.80-4.50. Cabbages—per bag. Primo 30 lb 1.00-1.40. Lettuces—per 12, round 1.40-1.60, Cos 10/12s 1.40-1.80, Webb's 1.60-2.00. Radishes—per pack 12 x 8 oz 1.40, bunches of 15 1.50. Onions—per tray x 20 bunches, spring 2.00, 56 lb 40/60mm 2.40-2.80. Carrots per 26/28 lb 0.70-1.00. Beetroots—per 28 lb round 1.00-1.20, long 1.20-1.40. Fennel—per 10 lb 3.00. Parsnips—per 28 lb 1.60-1.80. Swedes—per net 0.80-1.00. Leeks—per 10 lb 1.40-1.60. Sprouts—per 20 lb 2.00-2.80. Pumpkins per pound 0.08-0.10. Turnips—per 28 lb 1.50-1.80. Celery—per 18/36 Hessey 2.50-3.00. Brussels tops—per 25 lb 1.00-1.40. Spring greens—per 25 lb 1.50.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.50, codling £2.50-£3.80. Large haddock £4.00-£5.00, medium £3.00-£3.70, small £1.20-£2.40. Large plaice £5.40-£6.00, medium £4.80, best small £3.00-£3.90. Skinned dogfish (large) £6.50-£8.00, (medium) £3.50-£4.50. Lemon soles (large) £11.50, (medium) £9.00. Rockfish £2.00-£3.50. Reds 2.80. Saithe £1.80-£2.70.

# Coffee output in Colombia

BOGOTA — The Colombian Central Bank estimates Colombia's coffee production in the crop year October 1, 1981 to September 30, 1982 at 14.5m bags of 60 kilos each. This compares with an estimated output in the present crop year of 14m bags.

Reuter

## PRICE INDICES

In tonnes unless other wise stated.

| | Oct. 29 1981 | + or − | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | | £810/815 |
| Free Mkt | $1085/1125 | −15 | $1135/165 |
| Copper | | | |
| Cash w'bar | £900.25 | −5.25 | £907 |
| 3 mths | £929.25 | −6.25 | £945.25 |
| Cash Cathode | £896 | −4.5 | £905 |
| 3 mths | £924 | −6.5 | £939 |
| Gold, roy oz | $424 | +7 | $435 |
| Lead Cash | £374.5 | −11 | £399.5 |
| 3 mths | £389.25 | −9 | £410.5 |
| Nickel | £4219.6 | | £4,219.60 |
| Free mkt | 240/290c | | 225/275c |
| Platin'mtr'y oz | £260 | | £250 |
| Freemkt | | | £226.05 |
| Quicksilvert | $420/425 | | $427/432 |
| Silver troy oz | 489.65p | −13.55 | 509.60 |
| 3 mths | 508.15p | −14.85 | 527.60p |
| Tin Cash | £8,145 | −7.5 | £82.05p |
| 3 mths | £8350.5 | | £8505 |
| Tungsten22.0lb | $142.81 | | $145.86 |
| Wolfrm 22.04lbs | $136/141 | | $140/144 |
| Zinc Cash | £500.5 | −10.5 | £478 |
| 3 mths | £515.5 | −9.25 | £496.25 |
| Producers | $1088 | | $1000 |
| **Oils** | | | |
| Coconut (Phil) | $570x | | $550 |
| Groundnut | ‡ | | $850 |
| Linseed Crude | £460x | | £420 |
| Palm Malayan | $510z | +5 | $517.5 |
| **Seeds** | | | |
| Copra Philip | $360y | | $345 |
| Soyabean (U.S.) | $259y | +1 | $266 |
| **Grains** | | | |
| Barley Fut. Jan | £103.85 | +0.05 | £103.85 |
| Maize | £127.25y | | ‡ |
| Wheat Fut. Jan | £108.60 | | £110.15 |
| No2 Hard Wint | ‡ | ‡ | ‡ |
| **Other commodities** | | | |
| Cocoa ship't* | £1,247 | +15 | £1,400 |
| Future Mar. | £1174 | +14.5 | £1,308.5 |
| Coffee Ft' Jan. | £1135 | −12.5 | £1,068.5 |
| Cotton A. Index | 74.75c | +0.25 | 74.60c |
| Gas Oil Nov. | $325.25 | +1.0 | $308 |
| Rubber (kilo) | 55p | | 54p |
| Sugar (Raw) | £158xz | +5 | £175 |
| Wool't ps 64s kl | 390p kilo | | 400pkilo |

‡ Unquoted. z Dec. y Nov. x Oct-Nov. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal.

# AMERICAN MARKETS

NEW YORK, Oct 29.

THE precious metals and copper rallied on prime rate cuts. Coffee continued to attract short covering on tightness in nearby supplies while cocoa rallied on good manufacturer price fixing. The grain and soyabean complex was mixed with soyabeans tending higher on commission house short covering. Heating oil firmed on the Opec agreement, reported Heinold.

Copper—Nov 75.75 (73.80), Dec 76.70-76.80 (74.85), Jan 77.70, March 79.45-79.60, May 81.30, July 83.25, Sept 85.10, Dec 87.75, Jan 88.60, March 90.35, May 92.10, July 93.85, Sept 95.60. Sales: 13,000.

Potatoes (round whites)—Nov 64.5 (65.6), Feb 69.0-69.5 (70.0), March 72.7-73.0, April 82.0-82.4. Sales: 945.

¶Silver—Nov 927.0 (900.0), Dec 930.0-942.0 (911.0), Jan 951.0, March 971.0-978.0, May 998.5, July 1023.5, Sept 1047.5, Dec 1084.0, Jan 1096.0, March 1120.0, May 1144.0, July 1168.0, Sept 1192.0. Handy and Harman bullion spot: 899.00 (910.00).

Sugar—No. 11: Jan 12.05-12.15 (12.05), March 12.40-12.45 (12.63), May 12.74-12.80, July 13.00-13.03, Sept 13.30, Oct 13.47-13.50, March 13.95. Sales: 11,840.

Tin—680.00-685.00 (677.00-680.00).

CHICAGO, Oct 29.

Lard—Chicago loose 20.25 (same). Live Cattle—Dec 64.30-64.20 (63.82), Feb 64.40-64.30 (63.92), April 64.90-65.00, June 65.50, Aug 64.97-64.85, Oct 63.82.

‡Wheat—Dec 435¾-436 (435¾), March 461¾-461½ (461¾), May 471½-471¾, July 468, Dec 497.

WINNIPEG, Oct 29.

§Barley—Oct 120.40 (120.30), Dec 123.50 (123.30), March 130.00, May 133.30, July 134.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 252.49 (253.74).

*Platinum—Nov 408.8 (402.9), Jan 420.0-421.0 (410.9), April 435.2, July 450.1, Oct 465.5. Sales: 2,101.

*Gold—Nov 428.9 (423.0), Dec 433.0-433.5 (428.0), Jan 438.6, Feb 443.5-444.0, April 454.0-454.5, June 467.0, Aug 477.4, Oct 488.8, Dec 500.3, Feb 512.0, April 523.8, June 535.7, Aug 547.7.

Live Hogs—Dec 49.05-48.80 (48.40), Feb 49.80-49.65 (49.80), April 47.70-47.60, June 49.80-50.02, July 50.60, Aug 49.62, Oct 47.90, Dec 48.65, Feb 48.10.

‡‡Maize—Dec 287¾-288¼ (287¾), Mar 307-306½ (306½), May 319¼-318¾, July 327¼-327½, Sept 333, Dec 338½-338¾.

Pork Bellies—Feb 68.30-68.20 (68.35), Mar 68.15-68.30 (68.22), May 69.05-69.10, July 69.80, Aug 69.30.

†Soyabeans—Nov 648-647 (643½), Jan 668-668½ (663¼), Mar 690-691, May 710-710½, July 728, Aug 733, Sept 733, Nov 739.

‖Soyabean Meal—Dec 187.6-187.5 (187.5), Jan 191.8-191.3, Mar 197.7-197.6, May 202.2-202.5, July 207.0-208.0, Aug 210.0, Sept 210.0-211.0, Oct 211.8-212.0, Dec 214.0-215.0.

Soyabean Oil—Dec 21.06-21.08 (20.66), Jan 21.55-21.53 (21.11), Mar 22.25-22.22, May 22.84, July 23.45, Aug 23.60-23.70, Sept 23.80-23.90, Oct 24.00-24.05, Dec 24.35-24.40.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton 55 $ per 1,000 sq ft. ‡ Cents per 2,000 lb). § $Can. per metric ton. dozen. †† $ per metric ton.

## Wednesday's closing prices

††Cocoa—Dec 1871 (1978), March 1943 (1947), May 1978, July 1992, Sept 2007, Dec 2036, March 2055.

Coffee—"C" Contract: Dec 142.90-143.00 (137.12), March 134.01 (130.01), May 128.75, July 128.50-127.00, Sept 126.50, Dec 123.50-125.00, March 123.00-124.50.

Cotton — No. 2: Dec 65.35-65.50 (66.02), March 67.35-67.60 (67.97), May 69.06-69.25, July 70.75-70.85, Oct 73.00-73.35, Dec 74.20, March 75.10-75.60.

Orange Juice—Nov 115.50 (same), Jan 118.50 (118.95), March 121.00, May 123.50, July 125.20-126.30, Sept 127.15-127.20, Nov 128.10-128.30.

CHICAGO, Oct 28.

Chicago Imm Gold—Nov 423.0, Dec 428.0-427.5 (435.2), March 443.4-443.0, June 460.1, Sept 476.8, Dec 493.7, March 510.8, June 528.1, Sept 545.6.

NEW ORLEANS—Milled Rice Futures (cents per cwt. of U.S. No. 2 long grain): Nov 1937 (1945), Jan 1947 (1958), March 1973, May 1992.

# EUROPEAN MARKETS

ROTTERDAM, Oct 29.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Nov 204, Dec 210, Jan 214. U.S. No Two Red Winter Nov 185, Dec 192, Jan 198. U.S. No Three Amber Durum Oct 195, Nov 195.60, Dec 199. U.S. No Two Northern Spring 14 per cent afloat 189, Oct 191, Nov 193.50, Dec 197.50, Jan 208. Canadian Western Red Spring Nov 224.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow afloat Oct 125.50, Nov 125, Dec 129, Jan/Mar 138.50, April/June 144 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Oct 255, Nov 253, Dec 259.50, Jan 266, Feb 271.50, Mar 276, April 280.50, May 284.25 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. Oct 222, Jan 233, traded afloat 221, Oct 224, Nov 225, Dec 228, Jan 234, Jan/Mar 238, April/Sept 256 sellers. Brazil Pellets afloat 236, traded afloat 241, Oct 243, Nov 245.50, Dec 247, Jan/Mar 258, April/Sept 264 sellers.

PARIS, Oct 29.

Cocoa—(FFr per 100 kilos): Dec 1205/1220, March 1208/1212, May 1205 bid, July 1210/1225, Sept 1220/1240, Dec 1240 asked, March 1250 asked. Sales at call: 2.

Sugar—(FFr per tonne): Dec 1615/1820, Mar 1640/1645, May 1680/1697, July 1890/1920, Aug 1950/1980, Oct 1985/2010, Nov 1985/2010, Dec 2000/2030. Sales at call: 8.

## INDICES

### FINANCIAL TIMES

| Oct. 28 | Oct. 27 | Month ago | Year ago |
|---|---|---|---|
| 258.57 | 258.69 | 260.83 | 274.77 |

(Base: July 1, 1952=100).

### MOODY'S

| Oct. 28 | Oct. 27 | Month ago | Year ago |
|---|---|---|---|
| 1000.7 | 1000.7 | 1008.4 | 1296.7 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Oct. 28 | Oct. 27 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 356.16 | 353.29 | 355.81 | 480.73 |
| Fut'rs | 373.89 | 370.19 | 379.13 | 500.43 |

(Average 1924-25-26=100)

### REUTERS

| Oct. 29 | Oct. 28 | M'nth ago | Year ago |
|---|---|---|---|
| 1656.4 | 1655.1 | 1675.5 | 1746.6 |

(Base: September 18, 1931=100)

# ART GALLERIES

# Late Gilt-edged strength features markets as equities remain preoccupied with Cable and Wireless flotation

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct 12 | Oct 22 | Oct 23 | Nov 2 |
| Oct 26 | Nov 5 | Nov 6 | Nov 16 |
| Nov 9 | Nov 19 | Nov 20 | Nov 30 |

* "New time" dealings may take place from 9 am two business days earlier.

Government securities highlighted London stock markets yesterday as equities became even more preoccupied with today's **Cable and Wireless** offer for sale. The former showed no signs during the morning of extending the previous two-day recovery movement with investors apparently gleaning little encouragement from yesterday's further slight easing in short-term money market rates.

However, the situation changed abruptly later following a sharp rise in U.S. bond values and sterling's unexpected advance against the dollar. The tempo of business increased noticeably and longer-dated Gilts were especially featured: interest was even shown for the neglected partly-paid long tap, **Exchequer** 15 per cent 1997. Gains in the sector quickly stretched to [illegible] before being pared to around [illegible].

The shorts also traded more briskly than recently and closed about [illegible] higher. The FT Government Securities index gained 0.59 to 61.01, taking it 0.84, nearly 1½ per cent, up from last Monday's five-year low. News of U.S. broker loan rate reductions and a Prime Rate cut came too late to affect sentiment.

Discussion about Cable and Wireless applications dominated equities. **ICI's** third-quarter profits, despite being at the best end of estimates, cut little ice and the firm tone in leading shares softened after the noon announcement. **Thomas Tilling's** counter share-exchange offer for **Berec** temporarily enlivened afternoon trade, but early dullness on Wall Street yesterday finally stifled interest already flagging through further conflicting views about the state of the economy.

Constituents of the FT Industrial Ordinary share index were generally harder and this measure closed a point higher on the day at 467.7 after having shown a gain of 2.5 at noon. **Lucas Industries** moved against the trend on the BL situation and ended 5 down at 175p. Awaiting positive news from the Opec meeting on price unification, Oils were narrowly mixed.

Activity in Traded options was reduced to a trickle and only 453 deals were struck—the lowest since early March. Almost half of the day's business was transacted in **ICI** which recorded 127 calls and 71 puts on the third-quarter figures.

**Asprey**, a thin market previously dealt in under Special Rule, made a quiet debut in the Unlisted Securities Market: from an opening level of 775p, the shares advanced to 850p; the 9[illegible] per cent Convertible Preference opened at 81p and closed at 82p.

## CU dull

Publicity given to a broker's adverse circular prompted a fall of 3 to a 1981 low of 130p in **Commercial Union**; the third-quarter figures are due on November 10. Other Composite Insurances drifted lower on lack of support. **Phoenix** dipped 2 to 258p and **Royals** 3 to 352p.

Still hoping that the Monopolies Commission will allow the bids from Hong Kong and Shanghai and Standard Chartered to proceed, **Royal Bank of Scotland** rose 4 to 160p; the chairman has stressed in a letter to shareholders that the bank is emphatically in favour of a merger with SC and opposed to a takeover by HK and S. A dull market last week following the poor interim figures, **Clive Discount** gave up 2 more to 23p. The Hong Kong-based **Carrian Investments** fell 10 to 55p.

Leading Buildings closed narrowly mixed following a slow trade. **Blue Circle** eased 4 to 440p on the company's plan to cut its workforce by 1,100, but **Redland** improved a couple of pence to 147p and **Taylor Woodrow** 5 to 485p. Elsewhere, **French Kier** added a penny to 78p; the company has won a £117m road construction contract in Iraq. **John Finlan** firmed 6 for a two-day gain of 8 to 172p awaiting news of discussions with an unnamed party, while **Fairclough Construction** revived and firmed 3 to 116p. **Barratt Developments**, dull of late on reports of increased competition in the housebuilding sector, rallied 3 to 208p, while **Bellway**, 70p, and **William Whittingham**, 106p, added 2 apiece. Among the companies reporting, **Ben Bailey Construction** shed 2 to 14p on the sharply reduced annual profits and dividend cut, but **J. Smart** hardened a penny to 51p on the increased preliminary profits and dividend.

**ICI's** third-quarter figures were deemed satisfactory and the price, after touching 274p immediately following the announcement, reacted on profit-taking to close 2 firmer on balance at 266p. Among other Chemicals, **Coates Brothers "A"** held at 45p despite the lower interim profits, but **Rentokil** firmed 4 to 131p on the appearance of a solitary buyer.

## Gussies good again

Demand for leading Stores remained disappointingly low, although **Gussies "A"** continued to attract support reflecting recent favourable comment and closed 5 up for a three-day gain of 15 at 383p. **Mothercare**, dull of late, rallied a couple of pence to 132p, while **UDS** ended a penny to the good at 63p. **Bambers** rose 3 to 64p, after 65p, following the increased interim profits and dividend, while **J. Hepworth**, annual results expected today, added 3 more to 93p.

The usually subdued Shoe sector was in the limelight again. **J. W. Wassall** jumped to 34p on news that the company was in receipt of a bid approach; the suitor was later revealed as Benson Shoe and Wassall closed a net 5 better at 29p to match the cash offer terms. **George Oliver**, which gained control of **Hiltons Footwear** on Wednesday, gave up 8 more to 100p; Hiltons were unchanged at 156p. First-half results from **Headlam Sims and Coggins** pleased the market and the close was 4 higher at 37p.

**Berec** highlighted Electricals rising to a 1981 peak of 135p before closing 11 better on balance at 127p following the surprise share-exchange counter-bid from **Thomas Tilling** worth 134p per share with the latter closing 12 down at that level. **Hanson Trust**, whose original 105p cash bid was due to reach its first closing date tomorrow, jumped 16 to 276p, after 279p, on hopes that the contest is now over. Elsewhere, **Plessey**, 306p, and **GEC**, 683p, advanced 6 and 7 respectively, while **Standard Telephones and Cables** gained 7 to 412p. **Perkin Elmer** put on 7 points to £175 in response to the satisfactory preliminary results, while **Muirhead** added 4 to 108p on revived hopes of a bid from Tyco Laboratories. **Amstrad** rose 7 to 172p and **Suter** 3 to 58p, as did the **Deferred**, to 49p.

Reflecting the strong first-half profits recovery, **Hopkinsons** jumped 11 to 94p, after 96p, to feature a lethargic Engineering sector. **Burgess** were also prominently firm, rising 6 to 42p as the Board's optimistic statement on prospects helped to cushion the reduced profits and final dividend. **Richardson Westgarth**, on the other hand, fell 3 to 20p in reaction to the near-£1m loss at the half-way stage. **Hawker** hardened a couple of pence to 292p among the leaders.

Selected Food Retailers attracted support with **J. Sainsbury**, interim results due next Wednesday, rising 15 to 435p. **Kwik Save**, 206p, **Bejam**, 134p, and **William Morrison**, 138p, all added a couple of pence. **Cadbury Schweppes** came in for late support and closed 1½ dearer at 82p, while **Rowntree Mackintosh** hardened 2 to 150p.

## Wm. Press disappoints

**William Press** took a distinct turn for the worse in miscellaneous industrials, closing 8 down at 65p, after 63p, on acute disappointment with the 33 per cent contraction in first-half profits. Elsewhere, **Glaxo**, still drawing strength from recent comment on the profit potential of the group's new drug, Zantac, improved to 412p before retreating on sporadic profit-taking to finish only 2 dearer on balance at 406p. **Unilever** firmed 10 to 580p and **Beecham** hardened the turn to 194p; the latter's interim figures are due on November 18. An unsettled market of late following the rationalisation plans, **Hoover A** picked up 4 at 87p. **J. and J. Dyson** rose 4 more to 68p. **Wolverhampton Steam Laundry** put on 2 to 40p on revived bid hopes but **Fitzwilton** lost 3 further to 34½p and **Royal Worcester** shed 9 at 178p.

**Boosey and Hawkes**, up 10 on Wednesday in response to the sharply increased interim profits, added 2 more to 137p. Elsewhere in the Leisure sector, **D. M. Lancaster** responded to further interest and firmed 2 for a two-day gain of 4 to 21p.

Motor sectors remained nervous about the situation at BL. **Lucas**, annual profits due in the next Account, gave up 5 more to 175p, while **Automotive Products** fell 3 to 41p. Among Distributors, **BSG International** gained the turn to 15½p following the return to profits at the interim stage.

Publishers passed a subdued session and most held the overnight positions, but **Websters** lacked support and dropped 5 to 33p ex-the-rights issue; the new nil-paid eased a similar amount to 13p premium. Dealings in **Pyramid** were suspended at 50p on news that the company has received an approach which may lead to an offer. Elsewhere, good support was forthcoming for **Mills and Allen**, 18 up at 410p.

## Oils mixed

Business in Oils was reduced awaiting the outcome of the Opec meeting and quotations faltered after a firm start to close narrowly mixed on balance. **British Petroleum** finished a net 4 dearer at 300p, after 302p, while **Shell**, a particularly good market recently, settled 2 off at 362p, after 368p. **Burmah** reverted to the overnight level of 102p, after 104p, but **Tricentrol** hardened 2 to 246p. **Candecca**, strong of late on Brigg, Humberside, prospects, reacted 8 to 190p on profit-taking and **Carless Capel** shed 5 to 127p. Among Irish oils, **Atlantic Resources** lost 15 for a two-day fall of 75 to 225p following the Dublin statement on the Porcupine Basin.

Among Overseas Traders, **Gill and Duffus** remained unsettled by losses on commodity dealings in Hong Kong and declined 6 for a two-day fall of 18 at 142p. **Boustead** were again briskly traded and fell to 132p before rallying to end 5 lower on balance at 135p.

**Grange Trust**, which received an offer from Courtaulds' pension fund on Wednesday, rose 21 to 148p, or 2 above the minimum level of the offer.

Mid-term profits from **Coats Patons** came below market expectations and the shares, firm of late, reacted 4½ to 62½p. **Tootal** eased 1½ to 26½p in sympathy, as did **Carrington Viyella**, to 11p. Dealings in carpet concern **Homfray** were suspended at 8p at the company's request pending an announcement.

## Golds decline

Mining markets sustained widespread and sometimes substantial losses as the fall in the bullion price and lack of interest prompted a general mark-down.

South African Golds were under little or no real selling pressure but the absence of support left the market vulnerable to small offerings. Prices fell accordingly with heavyweights ending as much as a point lower, as in **Randfontein**, £31, and **President Steyn**, £17⅞.

The Gold Mines index relinquished all and more of the gains of the previous two days in registering a 12.2 fall to 353.1. Bullion was finally $7 lower at $424 an ounce.

Financials were dull. The London-based stocks drifted throughout the day, unsettled by weak base-metal prices—notably lead. **Gold Fields** dipped 7 to 480p, **Rio Tinto-Zinc** 5 to 440p and **Charter** 2 to 220p. **Tanks** gave up 5 to 450p following the company's response to the bid from Societe Generale de Belgique.

South African Financials lost ground in sympathy with Golds. "**Amgold**" were particularly weak and dropped £1½ to £47 while **Johnnies** fell a point to £36½ and **De Beers** 7 to 340p.

Dealers reported minimal interest in Australians which drifted down to close at the day's lowest.

Among the leaders, **CRA** fell 10 to 176p, **Western Mining** a like amount to 238p and **North Broken Hill** 8 to 149p. **Peko-Wallsend** dropped 20 to a year's low of 325p—45 down on the week to date.

In the speculative issues, **North West Mining** eased [illegible] to a 1981 low of 20p and **Haoma Gold** a penny to a low of [illegible] following the former's recommendation of Haoma's seven-for-ten share exchange offer.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 29 | Oct. 28 | Oct. 27 | Oct. 26 | Oct. 23 | Oct. 22 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 61.01 | †60.62 | 60.46 | 60.17 | 60.38 | [illegible] | 71.30 |
| Fixed Interest | 61.78 | †61.63 | 61.81 | 61.61 | 62.18 | [illegible] | 72.89 |
| Industrial Ord. | 467.7 | 466.7 | 465.0 | 461.8 | 461.9 | 467.5 | [illegible] |
| Gold Mines | 353.1 | 365.3 | 356.9 | 356.5 | 375.9 | [illegible] | [illegible] |
| Ord. Div. Yield | 6.35 | 6.37 | 6.40 | 6.44 | 6.45 | 6.37 | 7.38 |
| Earnings, Yld. % (full) | 10.85 | 10.87 | 10.91 | 10.98 | 11.0 | 10.86 | 18.69 |
| P/E Ratio (net) (*) | 11.85 | 11.81 | 11.76 | 11.69 | 11.67 | 11.82 | 7.31 |
| Total bargains | 13,415 | 15,328 | 15,317 | 13,800 | 16,174 | [illegible] | [illegible] |
| Equity turnover £m. | — | 83.57 | 68.10 | 61.83 | 108.10 | 101.05 | 160.0 |
| Equity bargains | — | 9,302 | 9,564 | 8,977 | 12,644 | 11,202 | 18,675 |

10 am 467.2. 11 am 467.7. Noon 468.2. 1 pm 467.6.
2 pm 467.2. 3 pm 467.1.
Latest Index 01-246 8026.
*Nil=10.54.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
†Correction.

## HIGHS AND LOWS

| | 1981 High | 1981 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 70.61 (20/5) | 60.17 (28/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 72.01 (20/5) | 61.61 (28/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 597.3 (30/4) | 446.0 (14/1) | 597.3 (30/4/81) | 49.4 (26/6/40) |
| Gold Mines | 429.0 (14/9) | 262.6 (29/6) | 558.9 (22/9/80) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | Oct. 28 | Oct. 27 |
|---|---|---|
| Daily | | |
| Gilt Edged Bargains | [illegible] | 146.4 |
| Equities Bargains | [illegible] | 62.6 |
| Value | [illegible] | [illegible] |
| 5-day Avrge. | | |
| Gilt Edged Bargains | [illegible] | 150.3 |
| Equities Bargains | 67.0 | 66.4 |
| Value | [illegible] | [illegible] |

## NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

### NEW HIGHS (10)

AMERICANS (1)
First Chicago
ELECTRICALS (1)
Berec
INDUSTRIALS (3)
Dyson (J. and J.)
Do. "A"
Photo-Me
MOTORS (1)
Attwood Garages
TRUSTS (2)
Grange Trust
Martin (R. P.)
OILS (1)
Jackson Exploration
OVERSEAS TRADERS (1)
Great Northern

### NEW LOWS (40)

CORPORATIONS (1)
London Corp. 9¼pc 1984-85
AMERICANS (1)
Woolworths
CANADIANS (2)
Brascan
Inco
BANKS (1)
Carrian Inv.
BEERS (1)
Tomatin
BUILDINGS (2)
May and Hassell
Wimpey (Geo.)
STORES (1)
Amber Day
ELECTRICALS (1)
Mainline Elect.
ENGINEERING (2)
Bristol Channel
Richardson W'gath.
INDUSTRIALS (6)
Berwick Timpo
Longton Ind.
Ozalid Fin. Cv.
Sangers
Tilling (T.)
UKO Intl
INSURANCE (1)
Commercial Union
MOTORS (1)
Arlington Motor
PROPERTY (1)
Markheath $4.6pc Pfd.
TRUSTS (1)
English Nat. Inv. Pfd.
OILS (3)
Falmouth Pet.
Genoa Oil
Woodside
OVERSEAS TRADERS (2)
Gill and Duffus
Inchcape
MINES (13)
Rand London
Rand Lon. Coal Pref.
Coronation
Falcon
Great Eastern
Haoma Gold
Kitchener
North West Mining
Pacific Copper
Peko-Wallsend
Whim Creek
York Resources
Anglo-Dominion

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 85 | — | 6 |
| Corpns. Dom. and Foreign Bonds | 18 | 1 | 52 |
| Industrials | 173 | 181 | 1,018 |
| Financial and Props. | 86 | 79 | 343 |
| Oils | 8 | 40 | 55 |
| Plantations | 1 | 3 | 19 |
| Mines | 2 | 95 | 70 |
| Others | 21 | 75 | 93 |
| Totals | 394 | 474 | 1,656 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS<br>Figures in parentheses show number of stocks per section | Thur., Oct. 29, 1981 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed. Oct. 28 Index No. | Tues. Oct. 27 Index No. | Mon. Oct. 26 Index No. | Fri. Oct. 23 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (210) | 310.60 | +0.1 | 11.31 | 5.08 | 10.94 | 310.18 | 308.40 | 305.72 | 305.83 | 294.04 |
| 2 | Building Materials (25) | 265.58 | −0.1 | 16.91 | 6.47 | 6.74 | 265.89 | 263.88 | 262.28 | 263.49 | 249.54 |
| 3 | Contracting, Construction (28) | 478.84 | −0.2 | 19.72 | 5.75 | 5.93 | 479.76 | 475.74 | 474.60 | 482.41 | 428.61 |
| 4 | Electricals (30) | 1055.56 | +1.0 | 8.64 | 2.72 | 14.45 | 1045.60 | 1042.27 | 1029.37 | 1030.17 | 952.85 |
| 5 | Engineering Contractors (9) | 439.82 | +0.3 | 14.73 | 6.26 | 8.01 | 438.39 | 433.56 | 426.31 | 425.60 | 363.76 |
| 6 | Mechanical Engineering (66) | 173.70 | −0.1 | 12.76 | 6.31 | 10.18 | 173.92 | 172.38 | 171.07 | 170.18 | 181.14 |
| 8 | Metals and Metal Forming (13) | 146.48 | +0.1 | 9.84 | 8.08 | 13.77 | 146.38 | 145.91 | 145.13 | 144.85 | 152.34 |
| 9 | Motors (21) | 83.20 | −1.1 | — | 8.12 | — | 84.14 | 84.96 | 84.52 | 84.38 | 93.12 |
| 10 | Other Industrial Materials (18) | 323.54 | −1.5 | 10.20 | 6.98 | 11.93 | 328.43 | 325.12 | 323.61 | 321.67 | 0.00 |
| 21 | CONSUMER GROUP (197) | 244.67 | +0.2 | 14.35 | 6.65 | 8.60 | 244.18 | 243.02 | 241.90 | 241.75 | 246.41 |
| 22 | Brewers and Distillers (20) | 248.51 | −0.3 | 18.05 | 7.79 | 6.67 | 249.28 | 248.06 | 246.11 | 245.97 | 280.99 |
| 25 | Food Manufacturing (21) | 243.00 | +0.6 | 16.49 | 6.94 | 7.31 | 241.47 | 240.23 | 239.33 | 238.73 | 215.01 |
| 26 | Food Retailing (15) | 494.75 | +1.5 | 9.91 | 3.67 | 12.23 | 487.54 | 487.24 | 483.78 | 479.96 | 411.67 |
| 27 | Health and Household Products (7) | 318.49 | +0.1 | 9.31 | 4.81 | 12.75 | 318.08 | 311.89 | 310.30 | 308.02 | 229.92 |
| 29 | Leisure (24) | 383.05 | +0.4 | 10.61 | 5.75 | 11.68 | 381.41 | 381.17 | 381.25 | 380.02 | 361.82 |
| 32 | Newspapers, Publishing (12) | 438.10 | −0.1 | 14.42 | 6.88 | 9.93 | 438.58 | 436.66 | 434.13 | 436.07 | 444.61 |
| 33 | Packaging and Paper (13) | 119.43 | −0.5 | 15.63 | 8.91 | 7.78 | 119.98 | 119.27 | 118.73 | 119.96 | 124.08 |
| 34 | Stores (45) | 214.07 | +0.3 | 13.58 | 6.29 | 9.85 | 213.35 | 212.55 | 211.94 | 213.05 | 256.78 |
| 35 | Textiles (23) | 138.94 | −2.8 | 9.12 | 6.62 | 15.25 | 142.88 | 142.03 | 139.21 | 138.48 | 131.86 |
| 36 | Tobaccos (3) | 242.36 | — | 23.46 | 10.74 | 4.91 | 242.36 | 243.85 | 243.47 | 243.86 | 221.51 |
| 39 | Other Consumer (14) | 246.19 | +1.0 | 8.92 | 7.05 | 17.41 | 243.85 | 240.52 | 240.92 | 242.81 | 0.00 |
| 41 | OTHER GROUPS (80) | 205.31 | +0.6 | 12.07 | 6.88 | 10.59 | 204.00 | 203.37 | 202.55 | 201.51 | 223.76 |
| 42 | Chemicals (16) | 269.54 | +0.7 | 5.92 | 6.66 | 28.38 | 267.72 | 266.97 | 265.68 | 261.79 | 303.49 |
| 44 | Office Equipment (5) | 93.70 | +0.8 | 18.23 | 9.12 | 6.59 | 92.99 | 93.05 | 92.80 | 93.62 | 108.75 |
| 45 | Shipping and Transport (13) | 455.38 | +0.4 | 23.28 | 8.05 | 5.11 | 453.52 | 449.90 | 444.28 | 443.40 | 579.51 |
| 46 | Miscellaneous (46) | 264.91 | +0.6 | 14.27 | 6.26 | 8.46 | 263.22 | 262.52 | 262.39 | 262.92 | 285.37 |
| 49 | INDUSTRIAL GROUP (487) | 261.72 | +0.2 | 12.90 | 6.08 | 9.61 | 261.11 | 259.83 | 258.25 | 258.04 | 260.87 |
| 51 | Oils (13) | 694.94 | +0.4 | 20.49 | 8.12 | 5.53 | 692.45 | 703.85 | 699.11 | 686.12 | 1015.93 |
| 59 | 500 SHARE INDEX | 296.82 | +0.3 | 14.33 | 6.46 | 8.44 | 296.06 | 295.80 | 293.96 | 292.72 | 320.50 |
| 61 | FINANCIAL GROUP (119) | 237.68 | −0.1 | — | 6.39 | — | 238.03 | 236.24 | 235.54 | 235.58 | 259.10 |
| 62 | Banks (6) | 250.75 | +0.2 | 36.61 | 7.51 | 3.31 | 250.16 | 247.99 | 247.53 | 249.66 | 268.09 |
| 63 | Discount Houses (10) | 228.63 | −0.8 | — | 9.81 | — | 230.58 | 230.75 | 232.32 | 235.49 | 301.26 |
| 64 | Hire Purchase (3) | 201.39 | −0.4 | 15.45 | 9.18 | 8.96 | 202.26 | 204.35 | 206.71 | 208.19 | 240.25 |
| 65 | Insurance (Life) (9) | 240.94 | −0.5 | — | 6.64 | — | 242.06 | 240.32 | 240.42 | 241.97 | 268.19 |
| 66 | Insurance (Composite) (10) | 158.09 | −0.6 | — | 8.47 | — | 159.00 | 158.02 | 155.47 | 154.71 | 174.84 |
| 67 | Insurance Brokers (8) | 407.46 | −0.3 | 11.34 | 5.92 | 12.00 | 408.81 | 406.73 | 404.17 | 402.98 | 343.35 |
| 68 | Merchant Banks (13) | 141.88 | +0.7 | — | 5.67 | — | 140.93 | 137.93 | 138.10 | 138.72 | 163.47 |
| 69 | Property (50) | 413.92 | −0.2 | 4.70 | 3.45 | 28.68 | 414.69 | 412.47 | 414.44 | 411.36 | 472.25 |
| 70 | Miscellaneous (10) | 162.11 | +0.3 | 19.82 | 6.77 | 6.14 | 161.61 | 159.94 | 159.54 | 159.72 | 167.38 |
| 71 | Investment Trusts (110) | 270.71 | +0.4 | — | 5.92 | — | 269.68 | 266.75 | 265.68 | 265.66 | 297.09 |
| 81 | Mining Finance (4) | 229.93 | −1.3 | 14.99 | 6.16 | 8.03 | 232.86 | 231.49 | 229.73 | 234.45 | 277.15 |
| 91 | Overseas Traders (17) | 387.56 | −0.7 | 13.56 | 8.27 | 9.00 | 390.38 | 381.55 | 381.09 | 382.27 | 455.93 |
| 99 | ALL-SHARE INDEX (750) | 284.60 | +0.1 | — | 6.44 | — | 284.23 | 283.30 | 281.76 | 281.10 | 309.68 |

### FIXED INTEREST

| | PRICE INDICES | Thur. Oct. 29 | Day's change % | Wed. Oct. 28 | xd adj. today | xd adj. 1981 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 104.06 | +0.34 | 103.71 | — | 9.10 |
| 2 | 5-15 years | 97.86 | +0.71 | 97.17 | — | 11.03 |
| 3 | Over 15 years | 98.92 | +0.71 | 98.23 | — | 12.32 |
| 4 | Irredeemables | 104.18 | +0.93 | 103.21 | — | 13.50 |
| 5 | All Stocks | 99.92 | +0.59 | 99.33 | — | 10.76 |
| 6 | Debentures & Loans | 76.88 | +0.11 | 76.59 | — | 9.63 |
| 7 | Preference | 58.84 | −0.17 | 58.95 | — | 6.30 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Thur. Oct. 29 | Wed. Oct. 28 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 13.85 | 13.98 | 11.51 |
| 2 | Coupons | 15 years | 14.33 | 14.40 | 11.48 |
| 3 | | 25 years | 14.35 | 14.43 | 11.48 |
| 4 | Medium | 5 years | 16.38 | 16.53 | 13.10 |
| 5 | Coupons | 15 years | 16.17 | 16.29 | 13.09 |
| 6 | | 25 years | 15.63 | 15.74 | 12.82 |
| 7 | High | 5 years | 16.21 | 16.38 | 13.18 |
| 8 | Coupons | 15 years | 16.34 | 16.45 | 13.33 |
| 9 | | 25 years | 15.83 | 15.95 | 13.00 |
| 10 | Irredeemables † | | 13.98 | 14.10 | 11.01 |
| 11 | Debs & Loans | 5 years | 17.01 | 17.13 | 13.88 |
| 12 | | 15 years | 16.95 | 17.01 | 13.74 |
| 13 | | 25 years | 16.90 | 16.93 | 13.60 |
| 14 | Preference † | | 16.83 | 16.79 | 14.59 |

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

## ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price pence | Day's change | Stock | Closing price pence | Day's change |
|---|---|---|---|---|---|
| Barratt Devs. | 208 | − 3 | ICI | 266 | + 2 |
| Boustead | 135 | − 5 | Lucas Inds. | 175 | − 5 |
| Burmah Oil | 102 | — | Press (Wm.) | 65 | − 8 |
| Coats Patons | 62½ | − 4½ | Shell Transport | 362 | − 2 |
| Hanson Trust | 276 | +16 | Tanks Con. | 450 | − 6 |
| Hopkinsons | 94 | +11 | Tilling (T.) | 134 | −12 |

## WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of price changes | Wednesday's closing price pence | Day's change | Stock | No. of price changes | Wednesday's closing price pence | Day's change |
|---|---|---|---|---|---|---|---|
| KCA Int. | 15 | 140 | + 2 | Shell Trans. | 10 | 364 | − 8 |
| Martin (R. P.) | 13 | 320 | +30 | Barclays Bk. | 9 | 400 | + 2 |
| Glaxo | 12 | 404 | +12 | Cadbury Sch'ps | 9 | 80½ | + 0½ |
| Ultramar | 12 | 478 | − 7 | GEC | 9 | 676 | + 1 |
| BSR | 11 | 66 | − 2 | ICI | 9 | 264 | — |
| Burmah Oil | 10 | 102 | − 4 | BP | 8 | 296 | − 4 |
| RTZ | 10 | 445 | — | Thorn EMI | 8 | 400 | — |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct 19 | Oct 30 | Jan 21 | Feb 1 |
| Nov 2 | Nov 13 | Feb 11 | Feb 22 |
| Nov 16 | Nov 27 | Feb 25 | Mar 8 |

*For rate indications see end of Share Information Service*

Money was given for the call in **Premier Oil, Distillers, Lonrho, BSG International, Jardine Matheson, Royal Bank of Scotland, Hill Samuel, Tozer Kemsley and Millbourn** and **Ashton Mining**. Puts were taken out in **Plessey, Eagle Star, Court Furnishers A, Western Mining** and **Dawson International**, while double options were arranged in **Hill Samuel** and **Royal Bank of Scotland**.

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount Paid up | Latest Renunc. Date | 1981 High | 1981 Low | Stock | Closing price p | + or − | Div. p. or amount | Times covered | Gross yield | P.E. ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | F.P. | — | £21¼ | £21¼ | American Nat. Res. | £21¼ | ... | Q3.44 | -- | 9.0 | — |
| | F.P. | — | 850 | 775 | ✣Asprey | 850xc | ... | 35.0 | 3.3 | 5.9 | 6.8 |
| ‡110 | F.P. | 13/11 | 133 | 120 | Habitat | 126 | ... | u3.6 | 1.4 | 4.1 | 25.6 |
| 62 | F.P. | 2/10 | 56½ | 43 | Jeavons Eng. | 44 | ... | b3.75 | 1.7 | 12.5 | 5.6 |
| 63 | F.P. | 2/12 | 74 | 69 | ✣JohnstonesP'int10p | 74 | ... | b3.55 | 2.5 | 6.8 | 7.7 |
| | F.P. | 2/12 | 61 | 52½ | Mid Wynd Int. Inv. | 61xc | +2 | F1.7 | — | 4.0 | -- |
| ‡67 | F.P. | 18/12 | 69 | 68 | ✣Sheldon Jones | 69 | ... | u3.5 | 2.4 | 7.3 | 7.8 |
| .. | F.P. | 16/10 | 230 | 155 | ✣UtdFrdl'yins.B.R.V. | 230 | ... | mh6.25 | - | 3.9 | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1981 High | 1981 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‡100 | F.P. | — | 83p | 81p | Asprey 9¾% Cum. Prf. | 82 | ...... |
| ‡ | F.P. | 26/10 | 100½ | 97 | Austin (F.) Leyton 11½% PtlyCnv.Red 1994 | 97 | −1 |
| ** | F.P. | — | 64 | 62 | Brooke Bond Leibig 9½% Deb. '87/92 | 62 | ...... |
| 100 | £10 | 10/12 | 12 | 12 | E. Worcs Waterworks 10½% Rd. Prf. '86 | 12¼ | ...... |
| ** | F.P. | — | 99½ | 92 | Hawley Leisure 12½% Cum. Pref. | 92 | ...... |
| §100 | F.P. | — | 99¾ | 98¼ | Nat'wide Bdg Society 15¾% Bds (29/9/82) | 98¼ | ...... |
| ‡100 | F.P. | — | 99⅞ | 99½ | do 16½% Bds (27/10/82) | 99½ | ...... |
| 97.29 | £25 | — | 25½ | 22½ | Nova Scotia (Province of) 6½% Ln 2011 | 23½ | ...... |
| ‖£1 | Nil | 13/11 | ½pm | ½pm | Staffs. Potts. 10% Cnv. Cum. Prf. | ½pm | ...... |
| — | — | — | 3p | ½p | Sterling Credit Warrants | 2½p | ...... |
| 100 | £10 | 10/12 | 12 | 12 | TenderingH'dred Water 10½% Rd. Prf. '86 | 12¼ | ...... |

### "RIGHTS" OFFERS

| Issue price p | Am'unt paid up | Latest Renunc. date ● | Latest Renunc. date ■ | 1981 High | 1981 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 14 | F.P. | 30/10 | 20/11 | 20 | 17 | British Benzol | 17 | ...... |
| 275 | 125p | 13/7 | 2/12 | 182 | 104 | BP | 150 | −2 |
| 20 | Nil | 13/11 | 11/12 | 1pm | 1pm | Brown & Jackson | 1pm | ...... |
| 183 | F.P. | 23/10 | 27/11 | 191 | 182 | Foseco Minsep | 186 | −1 |
| 90 | F.P. | 21/10 | 26/11 | 103 | 90½ | Healamat | 102 | ...... |
| 250 | F.P. | 22/10 | 19/11 | 282 | 250 | Viner's Unitst | 250 | ...... |
| 20 | Nil | 13/11 | 15/12 | 21pm | 15pm | Websters | 15pm | −5 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1983. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ordinary of 1p and £1 of 10 per cent Loan 1988.

هكذا من الأصل

## OFFSHORE & OVERSEAS-contd.

**Capital International Fund S.A.**
43 Boulevard Royal, Luxembourg
Capital Int. Fund US$24.90 .... —
**Central Assets Management Ltd.**
Channel Hse., St. Helier, Jersey. 0534-73673
Central Assets £201.38 201.43 +0.15 —
**Charterhouse Japhet**
1 Paternoster Row, EC4 01-248 3999
Emperor Fund* $7.26 7.62 .... —
Hispano $43.09 45.29 .... 6.34
*Prices at Sept. 30. Next sub. day Nov. 1.
**Chawton Commodities (Isle of Man) Ltd.**
29, Athol Street, Douglas, I.o.M. 0624 21724
Normandy Metal Trust £1.3791 1.4517 .... 4.80
Normandy Com. Tst. £1.3935 1.4668 .... 075.4
For Clive Investments (Jersey) see Invicta Investment Management
**Cornhill Ins. (Guernsey) Ltd.**
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 219.5 239.0 .... —
**Cortexa International**
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$90.99 — +0.45 —
**Craigmount Fixed Int. Mngrs. (Jersey)**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 85.0 85.1 .... 15.86
Valued weekly Wednesday.
**DWS Deutsche Ges. F. Wertpapiersp**
Gruneburgweg 113, 6000 Frankfurt
Investa DM29.69 31.20 −0.25 —
**Delta Group**
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Oct. 16 $3.64 3.82 .... —
London Agents: Kleinwort Benson. Tel: 01-623 8000
**Deutscher Investment-Trust**
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM16.83 17.25 −0.05 —
Int. Rentenfonds DM68.14 61.64 .... —
**Dreyfus Intercontinental Inv. Fd.**
P.O. Box N3712, Nassau, Bahamas.
NAV Oct. 27 US$28.98 30.83 −0.63 ....
**Duncan Lawrie Inv. Mgt. (Jersey)**
15-17, New St., St. Helier, Jersey 0534 73637
DL Sterling 37.4 39.3 .... 7.20
DL International $1.16 1.23 .... 5.70
**Emson & Dudley Tst. Mgt. Jrsy. Ltd.**
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 132.0 144.3 .... —
**The English Association**
4 Fore Street, EC2. 01-588 7081
E.A. Income Fd.* 60.8 64.7 .... 7.73
E. A. Sterling* £71.07 71.10 .... —
E. A. Equity* £59.96 63.79 .... 1.96
Wardgate Cm. Fd.** £16.26 16.92 .... 2.96
*Next dealing Oct. 28. **Next dealing Nov. 4.
**Eurobond Holdings N.V.**
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. US$28.16 28.80 .... 9.50
**S.G. Europe Obligations S.A.**
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$43.96 +0.08 1.86
**Eurotax Investments Ltd.**
1, Athol St., Douglas, Isle of Man.
UK Agents FIS, St. Albans. 0727 33166
Eurotax Inv. Fund 95.00 100.00 .... —
**F & C Mgmt. Ltd. Inv. Advisers**
1, Laurence Pountney Hill, EC4. 01-623 4680
F&C Atlantic Fd. SA US$10.50 .... 0.51
F. & C. Oriental Fd. US$19.07 .... 1.43
Prices October 21. Weekly dealings.
**Fidelity International Ltd.**
P.O. Box 670, Hamilton, Bermuda.
8, Queensway Hse., Queen St., St. Helier, Jersey, C.I. 0534 71696
American Assets US$37.54 +0.84 1.33
Am. Vals. Com.Pf.53* $102.50 ... 3.00
American Vals. Com.* $59.59
Dollar Savings Trust US$85.74 — +0.08 16.52
Far East US$28.83 +0.36 —
International US$38.98 .... 0.59
Pacific US$73.01 .... 0.28
World US$20.91 +0.27 —
Gilt Fund 20.7 20.9 +0.1 14.95
*Prices at August 31.
**First Viking Commodity Trusts**
10-12 St. George's St., Douglas, IoM. 0624 25015
Fst. Vik. Cm. Tst. 23.9 25.2 −0.1 5.20
**Fleming Japan Fund S.A.**
37, rue Notre-Dame, Luxembourg
Fleming Oct. 27 57.70 ... 4.70
**Frankfurt Trust Investment—GmbH**
Wiesenau 1, D-6000 Frankfurt
FT-Interzins DM39.23 42.87 −0.08 —
Frankft. Effekt. Fd. DM55.43 58.35 +0.75 —
**Free World Fund Ltd.**
Butterfield Bldg., Hamilton, Bermuda.
NAV Sept. 30 US$144.82 .... —
**G. T. Management (U.K.) Ltd.**
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:
Anchor 'B' Units US$1.59 1.64 .... 1.49
Anchor Gilt Edge £7.84 7.89 +0.03 16.10
Anchor Int. Fd. US$7.70 7.90 −0.05 1.51
Anchor In. Jsy. Tst 47.1 50.3 .... 1.49
Berry Pac Fd. US$60.15 −0.91 0.91
Berry Pac Strlg £4.05 4.2326 +0.0624 0.95
G.T. Asia Fd. HK$20.29 −0.39 1.23
G.T. Asia Sterling £28.48 29.64 −0.17 1.69
G.T. Australia Fd. A$28.54 1.23
G.T. Bond Fund US$10.40 −0.02 11.06
G.T. Dollar Fd. US$12.14 .... 1.24
G.T. Dir. (Strlg.) Fd. £15.20 15.83 .... 1.31
G.T. Invest. Fd. US$26.08 +0.06 0.62
G.T. Japan Small Cos. US$15.03 .... —
G.T. Technology Fd. US$27.28 .... —
G.T. Pacific Fd. US$15.38 +0.08 0.23
G.T. Asean Growth Fd. US$9.78 .... 0.51
**Gartmore Invest. Ltd. Ldn. Agts.**
2, St. Mary Axe, London, EC3. 01-283 3531
Gartmore Fund Managers (C.I.) Ltd. (a) (h)
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) 75.0 79.0 .... 14.80
Gartmore Fund Managers (Far East) Ltd. (a)(h)
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. US$7.029 7.548 ....
HK & Pac. U. Tst. HK$7.847 7.512 .... 2.60
Japan Fd. US$20.662 22.130 .... 0.60
N. American Tst. US$21.558 23.111 −0.014 1.00
Intl. Bond Fund US$9.566 10.100 −0.080 9.60
Gartmore Fund Managers (IOM) (a)
P.O. Box 32 Douglas, Isle of Man Tel. 0624 23911
Gartmore Intl. Inc. 19.7 21.0 −1.5 16.00
Gartmore Intl. Grth. 140.3 149.3 .... 0.60
**Assicurazioni GENERALI S.p.A.**
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd. £113.50 .... —
Dollar Mngd. Fnd US$100.75 .... —
**Granville Management Limited**
P.O. Box 73, St. Helier, Jersey. 0534 73933
Granville Inv. Tst. £6.48 6.84 .... 5.48
Next dealing day Nov. 16
**Guinness Mahon Fd. Mgrs. (Guernsey)**
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund $19.91 20.45 −1.38 11.20
Prices at Oct. 29. Next dealing Nov. 12.
**Hambro Pacific Fund Mgmt. Ltd.**
2110, Connaught Centre, Hong Kong
Far East Oct. 29 HK$23.36 25.06 .... —
Japan Fund Oct. 26 US$9.48 10.17 .... —
**Hambros Fd. Mgrs. (C.I.) Ltd.**
P.O. Box 86, Guernsey. 0481-26521
†Capital Reserve Fd. £13.74 13.76 .... 0.24
C.I. Fund 187.5 199.7 .... 3.60
Special Sits. Fund 73.0 76.9 .... 3.45
Trans. Nat. Trust 50.970 1.022 .... 3.94
Intnl. Bond US$98.42 104.65 .... 9.98
Int. Equity US$15.25 16.05 .... 1.67
Int. Svgs. 'A' $US 1.24 1.31 .... —
Int. Svgs. 'B' 1.63 1.72 .... —
Prices on Oct. 28. Next dealing Nov. 4.
†Excludes initial charge on small orders.
**Henderson Admin. (Guernsey) Ltd.**
7 New St., St. Peter Port, Guernsey 0481 26541/2
American (US cents) 123.7 130.2 .... —
**Henderson Baring Group**
801, Gloucester, 11, Pedder, Hong Kong
Japan Tech. *Oct. 26 US$17.09 18.26 .... —
Japan Fd. *Oct. 21 US$27.45 29.32 .... —
Malay Sing. Oct. 27 US$17.86 18.37 .... —
Pacific Fd. *Oct. 21 13.679 14.362 .... —
Bond Fd.* Oct. 22 US$10.097 10.549 .... 10.00
PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† £8.29 8.37 .... 14.25
*Inclusive of Preliminary charge. †Weekly dealings.

**Hill-Samuel & Co. (Guernsey) Ltd.**
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 183.9 196.7 +2.0 3.45
**Hill Samuel Investment Mgmt. Intnl.**
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. 134.1 143.6 .... 3.50
H.S. Fxd.Int.Fd. 82.0 86.9 .... 14.00
H.S. Intnl. Gth. Fnd. 115.2 122.0 .... —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$22.31 23.20 +0.04 —
CSF Fd. (Acc.) US$17.64 18.02 +0.01 —
Crossbow Fd. SF5.99 6.02 +0.08 —
ITF Fd. (Acc.) US$12.73 12.99 +0.20 —
**I.C. Trust Managers Ltd.**
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. US$104.48 109.70 .... —
Next dealing day Nov. 4.
**IGF Management Services Inc.**
c/o Registrars, P.O. Box 1044, Cayman Is., BWI.
Internl. Gold Fund US$104.48 109.70 .... —
**N.V. Interbeheer**
P.O. Box 526, Delft, Holland
Esmeralda(OfferPce) DF169.93 +0.02 2.57
**International Bond Trust**
2, Boulevard Royal, Luxembourg
NAV Oct. 29 US$9.58 9.58 +0.21
**International Pacific Inv. Mgmt. Ltd.**
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.57 3.67 .... 6.00
**Investment Advisors, Inc.**
First International Plaza, Houston Texas.
Finomic Invest. Fd. 3.99 ....
UK Agents: James Finlay Tel: 041-204 1321 or Sternberg Thomas Clarke Tel: 01-247 8461.
**Invicta Investment Management**
1 Charing Cross, St. Helier, Jersey. 0534 75741
Gilt Growth Fund* £9.26 9.69 −0.02 3.10
Gilt Income Fund £7.76 8.16 +0.02 16.18
**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre, Hong Kong
J. F. Japan Tst. Y2,487 — .... 0.50
Do. (Accum.) Y2,503 — ....
J.F. Japan Small Co. Y21,873 — .... 11.570
J.F. Japan Technology Y9,792 — ....
J.F. Eastern Tst HK$43.15 .... 1.00
Do. (Accum.) HK$45.35
J. F. Pac. Secs. (Inc.) US$4.03 — .... 6.50
Do. (Accum.) US$5.04 —
J.F. Intnl.Tst. US$4.07 — .... 0.30
Do. (Accum.) US$4.08 —
J.F. S.E.A. US$12.54 — .... 1.70
Do. (Accum) US$13.11 —
J.F. Phil. US$9.63 — .... 4.30
J.F. Cur.&Bd.Fd.(Inc.) US$11.26 — .... 7.40
Do. (Accum.) US$12.98 —
Japan & Pacific CnvTst US$16.92 — .... 5.0
Australia Tst. US$8.20 —
NAV October 15.
London Agents: Robt. Fleming & Co. Tel: 01-283 2400
**Leopold Joseph & Sons (Guernsey)**
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £13.84 13.85 .... —
For Kemp-Gee see Scrimgeour Kemp-Gee.
For Keyser Ullman see Central Assets Management.
**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) 6.57 6.62 .... 15.22
Gilt Trust (I.o.M.) 78.2 80.2 .... 15.25
Gilt Fnd. Guernsey 7.05 7.09 .... 15.25
Intl. Govt. Secs. Tst.
First Sterling £15.12 15.20 .... —
First Intl. $187.60 188.56 .... —
**Kleinwort Benson Group**
20, Fenchurch St., EC3. 01-623 8000
Guernsey Inc. 86.0 94.0 .... 6.15
Do. Accum. 120.9 133.2 .... 6.15
K.B. Eurobond Fd £9.95 10.08 .... 9.46
K.B. Far East Fd. US$21.93 .... 1.94
K.B. Gilt Fund £8.50 8.56 .... 15.32
K.B. Int. Bd. Fd. Inc. US$82.11 .... 11.87
K.B. Int. Bd. Fd. Acc. US$103.93 .... 11.87
K.B. Intl. Fund $16.08 .... 2.49
K.B. Japan Fund $41.51 .... 0.84
K.B. Sterl. Asset Fd. £13.005 13.015 .... —
K.B. U.S. Gwth. Fd. US$20.78 .... 2.54
Signet Bermuda US$7.09 .... 2.26
Transatlantic Fd. US$57.80 .... 2.03
**Kredietbank N.V. (Belgium)**
Arenbergstraat 7, B-1000 Brussels
Eurinvest NAV [illegible] — +4
**Lazard Brothers & Co. (Jersey) Ltd.**
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
Laz. Bros. Int. Cap. US$10.16 10.81 .... 1.00
Laz. Bros. Int. Inc. US$1026.32 1061.36 .... 15.00
**Lloyds Bk. (C.I.) U/T Mgrs.**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 83.9 89.2 +0.7 1.43
Next dealing date Nov. 5
Lloyds Trust Gilt £8.00 8.01 .... 15.41
Next dealing November 4.
**Lloyds Bank International, Geneva**
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF624.50 665.50 .... 0.60
Lloyds Int. Income SF264.50 274.50 .... 6.60
**M & G Group**
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Ex. Oct. 27 US$5.87 6.35 .... —
Austral. Ex. Oct. 28 US$5.02 5.29 .... —
Gold Ex. Oct. 28 US$34.79 37.02 .... 9.23
Accum Units US$48.99 51.12 .... 9.23
Island 151.6 160.7 +0.2 4.81
(Accum Units) 242.8 257.4 +0.5 4.81
**Management International Ltd.**
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.92 .... —
Bda. Intl. Bd. Fd. Inc US$10.11 .... 12.00
Prices on Oct. 23. Next dealing Oct. 30.
**Midland Bank Tst. Corp. (Jersey) Ltd.**
28-34, Hill St., St. Helier, Jersey. 0534 36281
Mld. Drayton Gilt 82.4 82.9 +0.6 14.48
Mld. Drayton Int. Bond US$1.03 1.04 .... 9.62
**Samuel Montagu Ldn. Agents**
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Oct 28 SF58.25 63.24 +0.27 2.20
Japfest Oct. 15 HK$24.37 26.38 .... 0.24
117 Group Sept. 30 US$13.01 14.00 .... 1.50
117 Jersey Oct. 14 £7.37 8.05 .... —
Jersey O's Oct. 7 £6.09 6.41 .... 1.71
Stlng. Res. Oct. 27 £11.07 11.08 +0.01 —
**Minerals, Oils Res. Shrs. Fd. Inc.**
P.O. Box 194, St. Helier, Jersey. 0534 27441
MORES Oct 29 US$9.43 9.94 −0.09 —
**Murray, Johnstone (Inv. Adviser)**
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Oct. 15 US$46.98 .... —
Murray Fd. Oct. 15 US$19.37 .... —
Pacific Fd. Sept. 30 US$4.56 .... —
**Nat. Westminster Jersey Fd. Mgrs. Ltd.**
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 39.8 42.0 .... 14.63
Equity Fund 56.7 59.0 .... 3.23
International Bond* 52.4 54.0 .... 10.90
*Sub. day every Thurs.
**Negit S.A.**
10a Boulevard Royal, Luxembourg.
NAV Oct. 16 US$9.12 — .... —
**N.E.L. International Ltd.**
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit 56.4 59.4 ....
Sterling Fixed Interest 50.8 53.5 ....
Sterling Managed 50.5 54.9 ....
Intl. Fixed Interest 66.5 72.3 ....
Intnl. Managed 57.2 62.2 ....
**Pacific Basin Fund**
10a Boulevard Royal, Luxembourg.
NAV US$17.23 +0.19
Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.
**Phoenix International**
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.97 3.21 −0.01 —
Far East Fund US$2.68 2.91 +0.11 —
Intl. Currency Fund US$1.83 1.98 .... —
Dollar Fxd. Int. Fund $2.47 2.67 +0.03 —
Ster. Exempt Gilt Fd. £1.35 1.46 .... —
**Providence Capitol Life Ass. (C.I.)**
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 43.6 45.8 −0.5 —
Sterling Equity Fd. 67.8 71.2 −0.4 —
Intnl. Bond Fd. US$1.02 1.07 .... —
Intnl. Equity Fd. US$1.16 1.22 .... —
Prices at Oct. 28. Next dealing Nov. 4.
Bel.Francs(Fm.) 705.79
Italian Lira 24,184
Canadian$ 29.9151
Singapore $[illegible]
Quest Intl. Secs. $0.967 1.040 .... [illegible]
Quest Intl. Bd. US$0.776 0.822 .... 12.17
Prices on Oct. 21. Next dealing Nov. 4.
**Quilter/Heinold Commodities**
31-45, Gresham Street, EC2V 7LH. 01-600 4177
Resource Fund Intl. Oct. 1. NAV US$1444.40.
Next dealing date Nov. 2.
**RBC Investment Managers Limited**
PO Box 246, St. Peter Port, Guernsey. 0481-23021
Intl. Income Fd. US$8.78 9.34 .... 11.30
Intl. Capital Fd. US$9.75 10.51 .... —
North America Fd. US$4.54 5.00 +0.02 —

**Raminco Managers Ltd.**
P.O. Bx. 1549, Hamilton, Bermuda. (809-29)2-7979
RAMINCO Oct. 5 [illegible]
**Richmond Life Ass. Ltd.**
4 Hill Street, Douglas, I.O.M. 0624 23914
The Silver Trust [illegible]
Do. Diamond Bd. [illegible]
Sterling Deposit Bd. [illegible]
Atlas Gilt Bd. [illegible]
UK Gilt Fund [illegible]
Sapphire Trust [illegible]
Petroman Oil [illegible]
Managed Fund [illegible]
Coin Trust [illegible]
**Rothschild Asset Management (C.I.)**
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd. [illegible]
OCSm. Co. [illegible]
O.C. Commodity [illegible]
O.C. Dir. Comdty. [illegible]
O.C. Hong Kong [illegible]
O.C. Sterling Fd. [illegible]
**O.C. International Reserves Limited
Bel. Francs [illegible]
Canadian $ [illegible]
D-Mark [illegible]
Dutch Guilder [illegible]
French Francs [illegible]
*Prices on Oct. 14. Next dealing Oct. 28. †Prices on Oct. 21. Next dealing Nov. 9. **Daily dealings. [illegible] Wednesday.
**Save & Prosper International**
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd. [illegible]
Dir. Fxd. Int. [illegible]
St. Fixed [illegible]
Yen Bond [illegible]
Equity Funds
Channel Capital [illegible]
Internatl. Gr. [illegible]
Far Eastern [illegible]
North American [illegible]
Sepro [illegible]
Commodity Funds
Commodity [illegible]
Deposit Funds
St. Deposit [illegible]
[illegible] Oct. 22. [illegible]
**Schroder Life Group**
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 134.6 142.0
$Equity [illegible]
£Fixed Interest 171.6 182.5
$Fixed Interest [illegible]
£Managed [illegible]
$Managed [illegible]
**Schroder Mngt. Services (Jersey) Ltd.**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd £11.071 11.4769
Next subscription day Nov. 4.
**J. Henry Schroder Wagg & Co. Ltd.**
120, Cheapside, EC2. 01-588 4000.
Am.Inv.Tst. Oct. 24 [illegible]
Asian Fund Oct. 26 [illegible]
Cheapside Oct. 28 [illegible]
Darling Fd. Oct. 29 [illegible]
Japan Fund Oct. 28 [illegible]
Trafalgar Fd. Sept. 30 [illegible]
**Scrimgeour Kemp-Gee Mngmt. Jersey**
1, Charing Cross, St. Helier, Jsy. 0534 73741
SKG Capital Fund [illegible]
SKG Income Fund [illegible]
Gilt Bond [illegible]
**Sentry Assurance International Ltd.**
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund [illegible] 4.5962
**Singer & Friedlander Ldn. Agents**
20, Cannon St., EC4. 01-248 9646
Dekafonds [illegible]
Tokyo Tst. Sept 30 US$44.00
**Strategic Metal Trust Mngrs. Ltd.**
3 Hill Street, Douglas, IOM 0624 23914
Strategic Metal Tr. [illegible] 0.990
**Stronghold Management Limited**
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust [illegible]
**Surinvest (Jersey) Ltd. (x)**
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind.Tst. [illegible]
Copper Trust [illegible]
Jap. Index Tst. [illegible]
**TSB Trust Funds (C.I.)**
10 Wharf St., St. Helier, Jersey (CI) 0534 73494
TSB Gilt Fund Ltd. [illegible]
TSB Gilt Fd.(Jsy.) Ltd. [illegible]
TSB Jersey Fund [illegible]
TSB Guernsey Fund [illegible]
Prices on Oct. 28. Next sub day Nov. 4.
**Tokyo Pacific Holdings N.V.**
Intimis Management Co. N.V., Curacao.
NAV per share Oct. 26, US$79.67.
**Tokyo Pacific Hldgs. (Seaboard) N.V.**
Intimis Management Co. N.V., Curacao.
NAV per share Oct. 26, US$58.10.
**Tyndall Group**
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Oct. 29 [illegible]
(Accum. shares) [illegible]
American Oct. 29 [illegible]
(Accum. shares) [illegible]
Far Eastern Oct. 29 [illegible]
(Accum. shares) [illegible]
Jersey Fund Oct. 28 [illegible]
(Non-J. Acc. Uts.) [illegible]
Gilt Fd. Oct. 28 [illegible]
(Accum. Shares) [illegible]
30, Athol St., Douglas, Isle of Man
High Inc. Gilt Oct 28 [illegible]
(Accum Shares) [illegible]
**Unico Invst. Fd. Mngt. Co. S.A. Lux.**
London & Continental Bankers Ltd.
2, Throgmorton Ave., London. 01-638 6111
Unico Invest. Fund [illegible]
**Unilife Assurance (Overseas) Ltd.**
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.95
**Union-Investment-Gesellschaft mbH**
Postfach 16767, D 6000 Frankfurt 16.
Unifonds [illegible]
Unirak [illegible]
Urirenta [illegible]
**Vanbrugh Fund Mngmt. Intl. Ltd.**
28-34 Hill St., St. Helier, Jersey 0534 36281
Vanbrugh Currency Fd. [illegible]
**van Cutsem & Associates Ltd.**
42, Essex Street, London WC2 01-353 6845
PanAmer. O's. Fd. US$6.25
**S. G. Warburg & Co. Ltd.**
30, Gresham Street, EC2. 01-600 4555
Energy Intl. Oct. 28 US$33.28
Merc. Eurbd. Oct. 27 [illegible]
Merc. Mny. Oct. 27 [illegible]
Select Rk. Oct. 27 [illegible]
**Warburg Invest. Mngt. Jsy. Ltd.**
7 Library Place, St. Helier, Jsy. C.I. 0534 37217
Merc. Cmd. Oct. 27 [illegible]
Merc.Fst.E.Tst. Oct. 27 [illegible]
Metal Tst. Oct. 22 [illegible]
SMT Ltd. Oct. 22 [illegible]
Merc. Tran. Oct. 23 [illegible]
**Wardley Investment Services Ltd.**
9th Floor, Hutchison House, Hong Kong
Wardley Trust [illegible]
Wardley Nikko Jp. Fd. [illegible]
Wardley Bond Trust [illegible]
Wardley Japan Trust [illegible]
**World Wide Growth Management**
10a, Boulevard Royal, Luxembourg
Worldwide Gth. Fd. US$12.14 +0.12
Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.
**Wren Commodity Management Ltd.**
10, St. George's St., Douglas IoM. 0624 25015
Wren Commod. Tst. [illegible]
Chinese Fund [illegible]
Precious Metal Fund [illegible]
Vanguard Cmdy. Fd. [illegible]

**NOTES**

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. [illegible] Yield before Jersey tax. [illegible] ‡‡ Only available to charitable bodies.

هكذا من الأصل

# FT UNIT TRUST INFORMATION SERVICE

**Lloyd's Life Unit Tst. Mngrs. Ltd.**
2, St. Mary Axe, EC3A 8BP. 01-623 6114

| | | | | |
|---|---|---|---|---|
| Equity Accum. (2) | 248.3 | 261.3 | +1.2 | 4.20 |

**Local Authorities' Mutual Invest. Tst.***
77, London Wall, EC2N 1DB. 01-588 1815

| | | | | |
|---|---|---|---|---|
| Property Fd. Sept. 30 | 158.35 | | ... | 6.74 |
| Wider Fund Sept. 30 | 254.35 | | ... | 5.45 |
| Narrower Fd. Sept. 30 | 69.25 | | ... | 14.74 |

*Unauthorised. Available only to Local Authorities.

**M & G Group (y)(c)(z)**
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

| | | | | |
|---|---|---|---|---|
| American | 73.5 | 79.0 | ... | 2.35 |
| (Accum. Units) | 79.5 | 85.5 | +0.1 | 2.35 |
| American Recovery | 79.0 | 84.5xd | +0.9 | 1.54 |
| (Accum. Units) | 82.3 | 88.1 | +0.9 | 1.54 |
| Australasian | 83.9 | 89.8 | -1.5 | 1.73 |
| (Accum. Units) | 88.2 | 94.4 | -1.5 | 1.73 |
| Commodity | 123.4 | 132.0 | +0.7 | 3.43 |
| (Accum. Units) | 146.5 | 156.8 | +0.9 | 3.43 |
| Compound Growth | 170.0 | 181.5 | +0.1 | 3.71 |
| Conversion Growth | 115.1 | 123.2 | +1.1 | 2.67 |
| Conversion Income | 72.1 | 77.2 | ... | 9.45 |
| Dividend | 122.9 | 131.5 | +0.8 | 10.18 |
| (Accum. Units) | 281.2 | 300.9 | +1.9 | 10.18 |
| European | 58.7 | 62.8 | -0.1 | 4.28 |
| (Accum. Units) | 65.3 | 69.9 | ... | 4.28 |
| Extra Yield | 76.1 | 82.6xd | +0.5 | 10.46 |
| (Accum. Units) | 128.2 | 139.1 | ... | 10.46 |
| Far Eastern | 108.1 | 116.8 | +1.0 | 1.59 |
| (Accum. Units) | 124.5 | 134.5 | +1.2 | 1.59 |
| Fund of Inv. Tsts. | 85.9 | 93.6 | +0.3 | 5.14 |
| (Accum. Units) | 117.2 | 127.8 | +0.5 | 5.14 |
| General | 216.7 | 233.0 | +0.6 | 6.51 |
| (Accum. Units) | 382.7 | 411.4 | +0.9 | 6.51 |
| Gilt Income | 42.5 | 44.6 | +0.2 | 13.18 |
| (Accum. Units) | 45.0 | 47.3 | +0.2 | 13.18 |
| High Income | 103.5 | 110.7 | +0.5 | 9.86 |
| (Accum. Units) | 213.4 | 228.3 | +1.1 | 9.86 |
| Japan | 181.1 | 193.8 | +1.0 | 0.78 |
| (Accum. Units) | 190.6 | 203.9 | +1.1 | 0.78 |
| Magnum | 313.9 | 335.9 | +3.0 | 5.36 |
| (Accum. Units) | 442.0 | 472.9 | +4.2 | 5.36 |
| Midland | 149.7 | 160.2xd | +0.8 | 9.22 |
| (Accum. Units) | 307.5 | 329.0 | +1.7 | 9.22 |
| Recovery | 112.5 | 122.1 | +0.6 | 5.25 |
| (Accum. Units) | 127.8 | 138.7 | +0.7 | 5.25 |
| Second General | 236.6 | 254.3 | ... | 5.72 |
| (Accum. Units) | 401.1 | 431.2 | +1.2 | 5.72 |
| Smaller Companies | 252.9 | 270.6 | -0.4 | 4.75 |
| (Accum. Units) | 351.0 | 375.6 | -0.5 | 4.75 |
| **Specialised Funds** | | | | |
| Trustee | 157.4 | 170.0xd | ... | 7.72 |
| (Accum. Units) | 368.3 | 397.8 | ... | 7.72 |
| Charibond Oct. 27 | | 86.2 | ... | 15.08 |
| Charifund Oct. 27 | 151.5 | 153.8 | ... | 9.90 |
| Pension Ex. Oct. 26 | 166.1 | 175.2xd | ... | 7.34 |

**ManuLife Management Ltd.**
St. George's Way, Stevenage. 0438 56101

| | | | | |
|---|---|---|---|---|
| Gilt&Fxd Int. | 50.4 | 51.4 | ... | 5.43 |
| Growth Units | 77.1 | 81.2 | ... | 4.95 |

**Mayflower Management Co. Ltd.**
14-18, Gresham St., EC2V 7AU. 01-606 8099

| | | | | |
|---|---|---|---|---|
| Income Oct. 19 | 99.4 | 104.6 | ... | 9.79 |
| General Oct. 19 | 72.4 | 76.2 | ... | 5.25 |
| Intl. Oct. 19 | 60.8 | 63.9 | ... | 3.50 |

**McAnally Fund Management Ltd.**
Regis Hse., King William St., EC4. 01-623 4951

| | | | | |
|---|---|---|---|---|
| Delphi Inc. Tst. Acc. | 32.2 | 35.8 | -2.7 | 9.43 |
| Delphi Inc. Tst. Inc. | 23.1 | 25.7 | -1.9 | 9.43 |
| Glen Fund Acc. | 100.8 | 108.4 | ... | 4.63 |
| Glen Fund Inc. | 69.6 | 74.9xd | ... | 4.63 |

**Mercury Fund Managers Ltd.**
30, Gresham St., EC2P 2EB. 01-600 4555

| | | | | |
|---|---|---|---|---|
| Gen. Dist. | 75.1 | 79.8 | ... | 5.05 |
| Gen. Acc. | 110.0 | 117.0 | -0.1 | 5.05 |
| Inc. Rec. | 43.7 | 46.4xd | -0.1 | 8.53 |
| Intl. Dist. | 94.0 | 100.0 | -0.3 | 2.70 |
| Intl. Acc. | 109.3 | 116.2 | -0.3 | 2.70 |
| Ext. Dist. Oct. 28 | 79.0 | 82.3 | ... | 4.76 |
| Ext. Acc. Oct. 28 | 107.6 | 112.1 | ... | 4.76 |
| Gilt Fund | 51.5 | 52.0 | ... | — |

**Midland Bank Group Unit Trust Managers Ltd.**
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

| | | | | |
|---|---|---|---|---|
| Capital | 29.4 | 31.8 | -0.1 | 4.56 |
| Do. Acc. | 35.5 | 38.4 | -0.1 | 4.56 |
| Commodity & Gen. | 101.8 | 111.3 | -1.9 | 2.84 |
| Do. Acc. | 129.0 | 141.1 | -2.4 | 2.84 |
| Gilt & Fxd. Int. | 40.6 | 42.2 | +0.1 | 13.81 |
| Do. Acc. | 44.4 | 46.2 | +0.1 | 13.81 |
| High Yield | 55.9 | 60.4xd | +0.2 | 9.42 |
| Do Acc. | 75.1 | 81.1 | +0.2 | 9.42 |
| Income | 56.0 | 60.5 | -0.1 | 7.07 |
| Do. Acc. | 76.8 | 83.0 | -0.1 | 7.07 |
| Japan and Pacific | 67.3 | 72.8 | ... | 1.26 |
| Do. Acc. | 69.0 | 74.6 | ... | 1.26 |
| North American | 51.4 | 55.4 | -0.1 | 2.04 |
| Do. Acc. | 57.6 | 62.1 | -0.3 | 2.04 |
| Overseas Growth | 48.1 | 52.6 | -0.1 | 2.20 |
| Do. Acc. | 55.3 | 59.8 | -0.1 | 2.20 |
| Equity Exempt* | 119.3 | 125.8xd | ... | 5.38 |
| Do. Acc.* | 133.7 | 141.0 | ... | 5.38 |

*Prices at October 23. Next dealing October 30.

**Minster Fund Managers Ltd.**
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

| | | | | |
|---|---|---|---|---|
| Minster Oct 26 | 41.0 | 43.0 | ... | 8.25 |
| Exempt Oct 1 | 105.3 | 109.3xd | ... | 8.99 |

**MLA Unit Trust Mngmnt. Ltd.**
Old Queen Street, SW1A 9JG. 01-222 8177

| | | | | |
|---|---|---|---|---|
| MLA Units | 88.8 | 93.2 | ... | 4.06 |

**Murray Johnstone U.T. Mgmt. (a)**
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

| | | | | |
|---|---|---|---|---|
| Murray European | 62.6 | 67.7 | -0.9 | 2.16 |
| Murray Smlr. Cos. Fd. | 71.0 | 77.3 | ... | 2.67 |

Dealing Day Friday.

**Mutual Unit Trust Managers (a)(g)**
Broad St. Ave., Blomfield St., EC2. 01-638 3911-2

| | | | | |
|---|---|---|---|---|
| Mutual Sec. Plus | 48.0 | 52.0 | -0.4 | 7.93 |
| Mutual Inc. Tst | 75.5 | 80.5xd | -0.5 | 7.96 |
| Mutual Blue Chip | 45.7 | 49.7 | -0.3 | 7.80 |
| Mutual High Yld | 50.1 | 54.1 | -0.1 | 10.40 |

**National Provident Inv. Mngrs. Ltd.**
48, Gracechurch St., EC3P 3HH. 01-623 4200

| | | | | |
|---|---|---|---|---|
| NPI Gth. Un. Tst.* | 59.0 | 62.8 | ... | 5.95 |
| (Accum. Units)* | 81.9 | 87.2 | ... | 5.95 |
| NPI O'seas Trust** | 196.8 | 208.3 | -9.8 | 2.08 |
| (Accum. Units)** | 226.3 | 239.5 | -11.3 | 2.08 |

*Prices on Oct. 28. Next dealing Nov. 11.
**Prices on Oct. 29. Next dealing Nov. 26.

**National Westminster (a)**
161, Cheapside, EC2V 6EU. 01-606 6060

| | | | | |
|---|---|---|---|---|
| Capital (Accum.) | 107.5 | 115.5 | +0.4 | 3.16 |
| Extra Inc. | 52.4 | 56.3xd | +0.1 | 9.94 |
| Financial | 49.2 | 52.9 | ... | 4.02 |
| Growth Inv. | 101.6 | 109.2 | -0.2 | 4.53 |
| Income | 41.2 | 44.3 | +0.2 | 6.91 |
| Portfolio Inv. Fd. | 75.9 | 80.3 | -0.1 | 5.88 |
| Recovery Trust | 44.0 | 47.3 | ... | 4.89 |
| Smaller Companies | 63.5 | 68.2 | ... | 4.40 |
| Universal Fd. | 60.6 | 65.1 | +0.1 | 1.22 |

**NEL Trust Managers Ltd. (a) (g)**
Milton Court, Dorking, Surrey. 0306 887766

| | | | | |
|---|---|---|---|---|
| Nelstar | 68.2 | 71.7xd | -0.3 | 5.83 |
| Nelstar Gilt & F.I. | 48.6 | 49.8 | +0.2 | 7.05 |
| Nelstar High Inc. | 34.1 | 35.8 | -0.2 | 8.70 |
| Nelstar International | 58.2 | 61.2 | +1.7 | 2.85 |

**Northgate Unit Trust Managers Ltd. (c)(y)**
20, Moorgate, EC2R 6AQ 01-606 4477

| | | | | |
|---|---|---|---|---|
| Northgate Oct. 29 | 101.3 | 107.8xd | -1.0 | 5.74 |
| (Accum. Units) | 109.9 | 117.0 | -1.0 | 5.74 |

**Norwich Union Insurance Group (b)**
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

| | | | | |
|---|---|---|---|---|
| Group Tst. Fund | 428.5 | 451.1 | +0.8 | 6.10 |

**Pearl Trust Managers Ltd. (a)(g)(z)**
252, High Holborn, WC1V 7EB. 01-405 8441

| | | | | |
|---|---|---|---|---|
| Pearl Growth Fd. | 30.8 | 33.2 | ... | 5.00 |
| Accum Units | 41.2 | 44.4 | +0.1 | 5.00 |
| Pearl Inc. | 34.3 | 36.9xd | ... | 7.67 |
| Pearl Unit Tst. | 41.6 | 44.8 | -0.1 | 6.14 |
| (Accum. Units) | 61.4 | 66.1 | -0.1 | 6.14 |

**Pelican Units Admin. Ltd. (g)(x)**
57-63, Princess St., Manchester. 061-236 5685

| | | | | |
|---|---|---|---|---|
| Pelican Units | 119.2 | 128.2xd | -0.2 | 5.38 |

**Perpetual Unit Trust Mngmt. (a)**
48, Hart St., Henley on Thames 04912 6868

| | | | | |
|---|---|---|---|---|
| P'petual Gp. Growth | 72.3 | 78.0 | ... | 3.28 |
| P'petual Gp. Income | 55.6 | 60.0xd | ... | 7.42 |

**Practical Invest. Co. Ltd. (y)(c)**
44, Bloomsbury Sq., WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Practical Oct. 14 | 184.8 | 197.2xd | -2.5 | 5.50 |

**Schroder Unit Trust Managers Ltd.**
48, St. Martins Lane, WC2. Dealings 0705 27733

| | | | | |
|---|---|---|---|---|
| Capital | 171.1 | 183.9 | +0.2 | 2.60 |
| (Accum. Units) | 221.8 | 238.4 | +0.3 | 2.60 |
| Income Fnd | 215.7 | 231.9 | +0.1 | 8.34 |
| (Accum. Units) | 380.7 | 409.3 | +0.1 | 8.34 |
| Gen. | 126.7 | 136.2 | +0.6 | 4.46 |
| (Accum. Units) | 174.6 | 187.7 | +0.8 | 4.46 |
| Europe | 22.5 | 24.1xd | +0.1 | 2.90 |
| (Accum. Units) | 27.1 | 29.1 | +0.1 | 2.90 |
| Smaller Co.'s | 144.2 | 155.0 | -1.5 | 3.06 |
| American | 56.8 | 61.0 | -0.3 | 0.67 |
| (Accum. Units) | 56.8 | 61.0 | -0.3 | 0.67 |
| Tokyo | 56.1 | 60.3 | +1.0 | 0.18 |
| (Accum. Units) | 56.1 | 60.3 | +1.0 | 0.18 |
| Gilt & Fixed | 41.8 | 44.0 | +0.2 | 13.20 |
| (Accum. Units) | 43.9 | 46.2 | +0.1 | 13.20 |
| Australian | 49.6 | 53.9 | -0.7 | 3.82 |
| (Accum. Units) | 50.0 | 54.3 | -0.8 | 3.82 |
| Singapore & Malay | 46.9 | 50.4 | ... | 1.24 |
| (Accum. Units) | 46.9 | 50.4 | ... | 1.24 |
| *Pn.&C. Fd. Oct. 20 | 230.2 | 247.5 | ... | 5.88 |
| *Recovery Oct. 27 | 276.6 | 297.4 | ... | 4.46 |
| *Spec. Ex. Oct. 27 | 451.2 | 485.1 | ... | 2.23 |
| Euro. Except. Oct. 22 | 110.3 | 118.5xd | ... | 2.78 |

*For tax exempt funds only.

**Scottish Amicable Inv. Mngrs. Ltd.**
150 St. Vincent St., Glasgow 041-221 8844

| | | | | |
|---|---|---|---|---|
| Equity Trust Accum. | 92.8 | 100.2 | ... | 6.32 |

**Scottish Equitable Fund Mgrs. Ltd.**
28 St. Andrews Sq. Edinburgh 031-556 9101

| | | | | |
|---|---|---|---|---|
| Income Units | 59.0 | 62.8 | ... | 5.38 |
| Accum. Units | 77.9 | 82.9 | ... | 5.38 |

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

**Scottish Widows' Fund Management**
P.O. Box 902, Edinburgh EH16 5BU 031-655 6000

| | | | | |
|---|---|---|---|---|
| Pegasus Tst. Oct. 29 | [illegible] | 87.8 | +0.3 | — |

**SIMCO Money Funds**
66, Cannon Street, EC4N 6AE. 01-236 1425

| | | | | |
|---|---|---|---|---|
| SIMCO Call Fund† | 100.0 | — | ... | 15.52 |
| SIMCO 7-Day Fund† | 100.0 | — | ... | 15.42 |
| SIMCO $ Fd. (7 day)† | US$100.00 | — | ... | 13.50 |

†Unauthorised—Cash Deposit Funds.

**Stewart Unit Tst. Managers Ltd.(a)**
45, Charlotte Sq., Edinburgh. 031-226 3271

| | | | | |
|---|---|---|---|---|
| †American Fund | 102.1 | 108.4 | +1.2 | 1.95 |
| Accum. Units | 111.1 | 118.1 | +1.3 | — |
| Withdrawal Units | 83.4 | 88.6 | +1.0 | — |
| *British Capital | 188.2 | 201.5 | ... | 6.57 |
| Accum. Units | 220.5 | 236.2 | ... | — |
| **European Fund | 82.7 | 88.9 | ... | 2.07 |

Deal. †Tues. & Fri. *Wed. **Mon. & Thur.

**Sun Alliance Insurance Group.**
Sun Alliance Hse., Horsham. 0403 64141

| | | | | |
|---|---|---|---|---|
| Ex. Eq. Oct. 14 | £321.60 | 338.60 | ... | 4.86 |
| The Family Fund | 131.8 | 140.2 | +0.2 | 5.01 |

**Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)**
9-12 Cheapside, London, EC2V 6AL. 01-236 3841

| | | | | |
|---|---|---|---|---|
| Equity Dist.* | £108.46 | 114.77 | ... | 6.04 |
| Equity Acc.* | £112.39 | 118.93 | ... | 6.04 |
| Fixed Int. Dist.† | £88.47 | 91.67 | ... | 15.17 |
| Fixed Int. Acc † | £89.76 | 93.01 | ... | 15.17 |

*Prices at Oct. 14. Next dealing Nov. 11.
†Prices at Oct. 7. Next dealing Nov. 4.

**Target Tst. Mngrs. Ltd. (a) (g)**
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

| | | | | |
|---|---|---|---|---|
| Commodity | 66.2 | 71.2 | -0.2 | 2.68 |
| Energy | 44.8 | 48.2 | -0.3 | 1.51 |
| Financial | 97.2 | 104.5xd | -1.0 | 4.42 |
| Gilt Capital | 124.8 | 130.7 | +0.8 | 3.25 |
| Gilt Income | 80.8 | 84.6 | +0.5 | 13.43 |
| Investment Trust | 47.7 | 51.3 | +0.1 | 3.97 |
| Special Situations | 35.2 | 37.8 | +0.3 | 1.51 |
| American Eagle | 41.9 | 45.1 | -0.2 | 1.49 |
| U.S. Spcl. Bond Fd. | 23.3 | 25.1 | ... | 7.00 |
| Malaysia & Sngpre. | 19.0 | 20.4 | ... | 1.57 |
| Pacific Income | 41.3 | 44.4 | +0.5 | 1.57 |
| Pacific Re Inv | 48.3 | 51.9 | +0.5 | 1.57 |
| Income | 24.3 | 26.1xd | -0.1 | 9.69 |
| Extra Income | 48.1 | 51.7 | ... | 12.63 |
| Preference Share | 11.1 | 12.1xd | ... | 14.11 |
| Equity | 45.0 | 48.3 | ... | 6.37 |
| Income and Growth | 54.4 | 58.5 | ... | 3.73 |
| Growth | 36.5 | 39.2 | +0.2 | 3.65 |
| Professnl. Oct. 21 | 211.0 | 228.1xd | ... | 5.84 |
| Eqty. Ex. Int. Oct. 21 | 264.7 | 286.2 | ... | 6.53 |
| Eqty.Ex.Acc. Oct. 21 | 428.8 | 454.9 | ... | 6.53 |
| Cariol H.Y. Oct. 21 | 33.4 | 36.1xd | ... | 10.43 |
| Cariol Acc. Oct. 21 | 54.7 | 59.1 | ... | 10.43 |

**Tower Unit Trust Mngt. Ltd.**
39/45 Finsbury Square, EC2A 1PX. 01-628 2612.

| | | | | |
|---|---|---|---|---|
| Income & Growth | 19.8 | 21.0xd | ... | 8.31 |
| Special Situations | 27.0 | 28.7 | ... | 2.06 |

**Trades Union Unit Trust Managers**
100, Wood Street, E.C.2. 01-628 8011

| | | | | |
|---|---|---|---|---|
| TUUT Oct. 1 | 55.5 | 59.1xd | ... | 5.75 |

**Transatlantic and Gen. Secs. (c) (y)**
91-99, New London Rd., Chelmsford. 0245-51651

| | | | | |
|---|---|---|---|---|
| Barbican Oct. 29 | 86.7 | 92.0 | -0.5 | 6.48 |
| (Accum. Units) | 154.1 | 163.6 | -0.9 | 6.48 |
| Barb. Exempt Oct. 28 | 61.7 | 62.7 | -0.5 | 4.10 |
| Colemco Oct. 23 | 175.3 | 184.6 | ... | 6.56 |
| (Accum. Units) | 248.0 | 261.1 | ... | 6.56 |
| Fielding Int. Oct. 29 | 118.2 | 125.0 | +0.1 | 3.13 |
| (Accum. Units) | 122.9 | 129.9 | ... | 3.13 |
| Vangd. Gwth. Oct. 27 | 61.1 | 65.2 | ... | 3.45 |
| (Accum. Units) | 81.3 | 86.7 | ... | 3.45 |
| Vangd. H.Y. Oct. 27 | 62.9 | 67.2 | ... | 11.06 |
| Vangd. Tst. Oct. 28 | 50.0 | 52.9 | ... | 6.45 |
| (Accum. units) | 61.3 | 64.9 | ... | 6.45 |
| Wickmoor Oct. 29 | 82.0 | 87.1 | -0.5 | 5.79 |
| (Accum. Units) | 110.3 | 117.1 | -0.7 | 5.79 |
| Wickm'r Div. Oct. 23 | 64.5 | 68.7 | ... | 10.00 |
| (Accum. Units) | 92.6 | 98.6 | ... | 10.00 |

**Tyndall Managers Ltd.(a)(b)(c)**
18, Canynge Road, Bristol. 0272 32241
24, Castle St., Edinburgh. 031 225 1168

| | | | | |
|---|---|---|---|---|
| Capital | 166.0 | 176.0xd | -1.0 | 4.24 |
| (Accum. Units) | 259.6 | 275.2 | -1.2 | 4.24 |
| Income | 87.8 | 93.2xd | -0.2 | 8.77 |
| (Accum. Units) | 204.0 | 216.4 | -0.2 | 8.77 |
| Pref. | 81.2 | 87.0xd | -0.2 | 15.50 |
| (Accum. Units) | 140.0 | 150.0 | -0.4 | 15.50 |
| Exempt | 117.2 | 125.6 | -0.8 | 10.14 |
| (Accum. Units) | 203.6 | 218.0 | -1.2 | 10.14 |
| Int. Erns. | 74.4 | 79.0xd | -0.4 | 5.35 |
| (Accum. Units) | 96.2 | 102.0 | -0.4 | 5.35 |
| North Amer. Grth. | 72.1 | 75.4 | -0.1 | 4.78 |
| (Accum. Units) | 75.9 | 79.4 | ... | 4.78 |
| Far Eastern | 68.6 | 72.6xd | +1.1 | 2.61 |
| (Accum. Units) | 69.8 | 73.9 | +1.1 | 2.61 |
| Gilt Income | 83.5 | 85.9xd | ... | 14.26 |
| (Accum. Units) | 91.7 | 94.4 | ... | 14.26 |
| Natural Resources | 157.8 | 167.4xd | -0.8 | 4.00 |
| Accum. Units | 210.6 | 223.4 | -1.2 | 4.00 |
| Scot. Inc. | 158.2 | 167.8 | -0.4 | 10.89 |
| Ldn. Wall Cap. Gwth. | 76.7 | 82.1 | -0.1 | 4.14 |
| (Accum. Units) | 91.6 | 98.1 | ... | 4.14 |
| Ldn. Wall Ex.Inc.Gwth. | 20.9 | 22.6xd | -0.1 | 11.33 |
| (Accum. Units) | 33.6 | 36.3 | -0.1 | 11.33 |
| Ldn. Wall Fin. Ppty | 22.1 | 23.7 | ... | 4.66 |
| (Accum. Units) | 30.2 | 32.4 | ... | 4.66 |
| Ldn. Wall Hi. Inc. Ppty. | 42.1 | 45.5 | -0.1 | 10.75 |
| Ldn. Wall Intl. | 35.3 | 37.8xd | +0.3 | 3.36 |
| Ldn. Wall Spec. Sits. | 32.8 | 35.1 | +0.1 | 2.76 |

**Tyndall & Co.—Deposit Funds**

| | | | | |
|---|---|---|---|---|
| Demand Fund* | — | — | ... | 15.48 |
| Money Fund* | — | — | ... | 15.50 |

*Unauthorised—Cash Deposit Funds.

**TSB Unit Trusts (b) (c) (y)**
PO Box 3, Keens Hse. Andover, Hants, SP10 1PG. 0264 62188. Dealings to 0264 63432-3

| | | | | |
|---|---|---|---|---|
| TSB American | — | 50.0 | ... | 1.96 |
| Do. Accum. | — | 50.0 | ... | 1.96 |
| TSB General | 60.1 | 64.7 | -0.1 | 4.66 |
| Do. Accum. | 86.2 | 92.7 | -0.2 | 4.66 |
| TSB Income | 70.7 | 76.1 | -0.1 | 8.14 |
| Do. Accum. | 88.0 | 94.7 | -0.2 | 8.14 |
| TSB Pacific | 46.9 | 50.5 | +0.1 | 0.69 |
| Do. Accum. | 46.9 | 50.5 | +0.1 | 0.69 |
| TSB Scottish | 118.4 | 127.4xd | +0.3 | 2.28 |
| Do. Accum. | 136.3 | 146.6 | +0.3 | 2.28 |

**Ulster Bank (a)**
Waring Street, Belfast 0232 35231

| | | | | |
|---|---|---|---|---|
| (b)Ulster Growth | 37.6 | 40.4 | ... | 6.29 |

**Unit Trust Account & Mgmt. Ltd.**
Regis Hse, King William St, EC4R 9R. 01-623 4951

| | | | | |
|---|---|---|---|---|
| Friars Hse. Fund | 55.8 | 59.4 | ... | 5.04 |

# INSURANCE & PROPERTY

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

## LOANS

Public Board and Ind.

Financial

Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✢ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | |
|---|---|---|
| Albany Inv. 20p | 40 | ...... |
| Bertrams | 8 | ...... |
| Bdg'wtr. Est. 50p | 400 | ...... |
| Craig & Rose £1 | £13 | ...... |
| Finlay Pkg. 5p | 23 | ...... |
| Graig Ship. £1 | £19 | ...... |
| Higsons Brew. | 63 | ...... |
| Holt (Jos) 25p | 510 | ...... |
| I.O.M. Stm. £1 | 158xd | ...... |
| Pearce (C. H.) | 760 | ...... |
| Peel Hldgs. | 116 | +4 |
| Sheff. Refrshmt | 90 | ...... |
| Sindall (Wm.) | 190 | ...... |

IRISH

| | | |
|---|---|---|
| Conv. 9% '80/82 | £92¾ | ...... |
| Nat. 9¾% 84/89 | £68⅝ | +⅛ |
| Fin. 13% 97/02 | £73¾ | ...... |
| Alliance Gas | 78 | ...... |
| Arnott | 225 | ...... |
| Carroll (P.J.) | 75 | −1 |
| Concrete Prods. | 90 | ...... |
| Heiton (Hldgs.) | 24 | ...... |
| Irish Ropes | 40 | ...... |
| Jacob | 63½xd | ...... |
| T.M.G. | 17 | ...... |
| Unidare | 58 | ...... |

## OPTIONS

### 3-month Call Rates

Industrials

| | |
|---|---|
| A. Brew | 6½ |
| BOC Intl. | 11 |
| B.S.R. | 7½ |
| Babcock | 9 |
| Barclays Bank | 36 |
| Beecham | 17 |
| Blue Circle | 38 |
| Boots | 18 |
| Bowaters | 19 |
| Brit. Aerospace | 17 |
| B.A.T. | 28 |
| Brown (J.) | 8 |
| Burton Ord. | 12 |
| Cadburys | 8 |
| Courtaulds | 5½ |
| Debenhams | 7 |
| Distillers | 16 |
| Dunlop | 6½ |
| Eagle Star | 25 |
| F.N.F.C. | 4 |
| Gen. Accident | 38 |
| Gen. Electric | 55 |
| Glaxo | 32 |
| Grand Met. | 15 |
| G.U.S. 'A' | 36 |
| Guardian | 30 |
| G.K.N. | 12 |
| Hawker Sidd | 25 |
| House of Fraser | 13 |
| I.C.I. | 18 |
| "Imps" | 5 |
| I.C.L. | 5 |
| Ladbroke | 13 |
| Legal & Gen. | 20 |
| Lex Service | 9 |
| Lloyds Bank | 28 |
| "Lofs" | 3½ |
| London Brick | 6½ |
| Lucas Inds. | 18 |
| "Mams" | 11 |
| Mrks. & Spncr. | 10 |
| Midland Bank | 26 |
| N.E.I. | 7 |
| Nat. West. Bank | 38 |
| P & O Dfd. | 9 |
| Plessey | 26 |
| Racal Elect. | 34 |
| R.H.M. | 5 |
| Rank Org. Ord. | 14 |
| Reed Intnl. | 23 |
| Sears | 5 |
| Tesco | 5 |
| Thorn EMI | 30 |
| Trust Houses | 11 |
| Tube Invest. | 12 |
| Turner & Newall. | 7½ |
| Unilever | 50 |
| Utd. Drapery | 6½ |
| Vickers | 15 |
| Woolworths | 4½ |

Property

| | |
|---|---|
| Brit. Land | 7 |
| Cap. Counties | 10 |
| Land Secs. | 30 |
| MEPC | 20 |
| Peachey | 15 |
| Samuel Props. | 13 |
| Town & City | 2¼ |

Oils

| | |
|---|---|
| Brit. Petroleum | 28 |
| Burmah Oil | 11 |
| Charterhall | 6 |
| KCA | 12 |
| Premier | 7 |
| Shell | 28 |
| Tricentrol | 25 |
| Ultramar | 40 |

Mines

| | |
|---|---|
| Charter Cons. | 21 |
| Cons. Gold | 40 |
| Lonrho | 7 |
| Rio T. Zinc | 45 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday October 30 1981

# Trident plan may be delayed

BY BRIDGET BLOOM

THE GOVERNMENT'S decision to buy the Trident submarine system, which is designed to modernise Britain's independent nuclear deterrent in the 1990s, has been reopened in the wake of the U.S. announcement that it is to phase out its own Trident missiles in favour of a larger and more expensive version of the same weapon.

The Ministry of Defence would still prefer to go for Trident in its more ambitious form, but the Government may decide to delay the project.

Other options being canvassed include going for the original cheaper version of the Trident 1, inspite of the problems that would be caused by the U.S. ceasing to produce the weapon.

Alternatives such as abandoning the Trident system in favour of submarine-launched cruise missiles are also being reexamined, although without enthusiasm.

Ministers are concerned that for the first time for many years there is no political consensus within Britain on the need to maintain an independent British deterrent.

They are also aware that Trident is opposed not only by the Labour Party but also by the Social Democratic-Liberal Alliance and that a decision to opt for the more expensive Trident system could be reversed after the next election.

They are concerned that, in the present climate of financial stringency throughout the Government, the possibility of further escalation in the costs of replacing the independent deterrent could add to these political difficulties.

The U.S. decision to phase out the Triden 1 or C4 nuclear missile in favour of the longer-range, more accurate, and more expensive Trident 2 or D5 was announced earlier this month as part of President Reagan's $180bn (£98bn) package to modernise the country's strategic nuclear arsenal.

The decision creates a dilemma for the Government, which contracted, in July 1980, to buy thesmaller missile from the U.S. If it abides by that contract, it risks having an obsolete system almost before it is operational.

The U.S. closes is production lien on Trident 1 in 1984 and will remove the last weapons from its own vessels in the late 1990s.

However, the larger missile will be considerablye more expensive than Trident 1—how much more is not known in detail for the missile is still on drawing board.

The new missile would also require much larger submarines than orginally planned—probably nearly 19,000 tons displacement against 10-12,000 tons—which would add substantially more to the cost.

Again, how much more is not known, although costs of similar vessels in the U.S. are estimated to have nearly doubled in 10 years to more than $2bn each.

Ministers are worried about apparent escalation in the original estimate of £5bn for the Trident 1. Unofficial estimates suggest that because of exchange rate variations and inflation, the true figure at 1981 prices could be as much as £7bn-£8bn.

Mr John Nott, the Defence Secretary, is understood to feel that the re-examination of Trident taking place in his Ministry will confirm that Britain should opt for the larger missile. He apparently still expects to put such a choice to Cabinet.

However, the Defence Ministry also believes that there is less urgency about a decision because the larger missile will not be ready for deployment in the U.S. until 1989.

# Reagan moves to reassure Israel

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan and his senior advisers yesterday moved quickly to reassure Israel that the $8.5bn (£4.7bn) U.S. military aircraft sale to Saudi Arabia — narrowly approved by the Senate on Wednesday night — would not endanger Israeli security.

But in a remark that is likely to cause concern in Israel, Mr Reagan said that the recently launched eight-point Saudi peace plan for the Middle East was a "beginning point for negotiations."

Mr Reagan, in a swiftly despatched letter to Mr Menahem Begin, the Israeli Prime Minister repeated his determination to help Israel "maintain its military and technological advantage" and renewed Washington's commitment to "preserve Israel's security."

Mr Richard Allen, the President's national security adviser, suggested that the arms sale to Saudi Arabia, which include five sophisticated Awacs (airborne warning and control systems)—early warning radar aircraft—might in the long run lead to additional arms sales to Israel.

The U.S. need to reassure Israel about the Awacs sale was highlighted by comments made yesterday by Mr Begin who said the decision posed a "new and serious danger."

Saudi Arabia hailed the Senate vote as a victory for both the kingdom and the U.S. and a defeat for Israel. Mr Kamal Hassan Ali, Egypt's Foreign Minister, welcomed the deal, saying that: "It can be considered a turning point in American policy towards the countries of the Middle East."

Mr Reagan's remark on the Saudi plan for the area was the Administration's first public comment on the proposal, which is bitterly opposed by Israel. The plan includes a call for the creation of a Palestinian state, with Jerusalem as its capital, and suspension of U.S. aid to Israel.

The State Department yesterday pointed out that the plan also recognised the right of all states in the region to live in peace, and said the U.S. believed that included Israel. The Saudis had also accepted the need for a "just and comprehensive Middle East peace."

But while the U.S. welcomed some points in the plan, other points were best left to negotiations, the State department said. Mr Philip Habib, President Reagan's special Middle East envoy, is due to visit Saudi Arabia next month.

After Mr Reagan's triumph in averting a Congressional veto of the Awacs sale, Senator John Tower, the influential chairman of the Senate Armed Services Committee, predicted that Congress "will be favourably disposed towards supporting whatever military equipment Israel requires to maintain her ability to defend herself and our own interests in the area."

Editorial Comment, Page 18

# Chicago bank cuts prime to $17\frac{1}{2}$%

By David Lascelles in New York

CONTINENTAL ILLINOIS, Chicago's largest bank, last night cut its prime rate by ½ a percentage point to 17½ per cent, which could lead to a reduction by other large U.S. banks.

The cut, the first in a fortnight, came in the wake of a continued decline in interest rates in the U.S. money markets. The cost of short term funds this week has hovered in the 14-15 per cent range, a drop of about one percentage point on the week before, providing the banks with some encouragement to bring down their posted rates.

The mood on Wall Street was also buoyed yesterday by news that next week's Treasury quarterly refunding to finance the much-feared deficit contains no unpleasant surprises. The total $8.75bn (£4.8bn) in notes and bonds that will be sold is in line with expectations, even though it is one of the largest on record.

Continental Illinois' prime rate cut brings this key rate at which the banks lend to their best corporate borrowers, to within ½ a percentage point of its lowest point this year. Some bankers predict that it could fall to about 16 per cent by the end of the year, particularly if the recession takes some of the steam out of credit demand.

Wall Street is still anxious, however, about the longer term economic outlook and the possibility of a new surge in interest rates, as the full force of the Treasury's borrowing requirement makes itself felt.

William Hall writes: European short-term interest rates continued to move lower yesterday. The three-month Eurodollar rate fell by another quarter of a percentage point to 16 per cent and three-month Eurosterling rates were $\frac{1}{16}$ lower at 16¼ per cent.

In the UK, short-term interest rates fell by around an eighth. The three-month inter-bank rate, which had touched 17 per cent at one stage earlier in the week, has dropped to 16.5 per cent, and one-year rates are now down to 16.125 per cent.

UK interest rates have benefited from the fall in Eurodollar interest rates and the relative buoyancy of sterling against the dollar. The pound yesterday rose 65 points to $1.8320 in London and its trade-weighted index, as measured by the Bank of England, rose 0.3 to 88.5.

Prices in the UK gilt-edged market continued to move higher yesterday with rises of up to ½ of a point.

U.S. indicators, Page 4

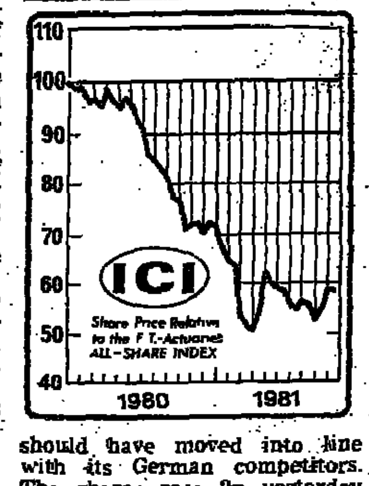
THE LEX COLUMN

# Sales recovery at ICI

U.S. prime and broker loan rates were tumbling yesterday, and a strong performance by the New York bond market suggests that it is shrugging off its attack of the Treasury refinancing blues. This helped the London markets to build on the gradual return of confidence of the last few days, especially as the weakness of the dollar boosted sterling by 0.3 points on its trade-weighted index.

Period interbank rates have fallen nearly half a point from Monday morning's peak, and so have gilt-edged yields; yesterday the Government Broker was able to supply his 1987 taplet. In short, nothing to jam the reception of Cable and Wireless this morning.

**Index rose 1.0 to 467.7**



**ICI**

The evidence is mounting that ICI is putting its house in order. Pre-tax profits in the seasonally depressed third quarter were at the upper end of expectations at £86m, which compares with £83m in the previous three months and £3m in the same period in 1981. And although there has been a £15m to £20m boost to profitability due to the depreciation of sterling—export margins now match those in the home market—the underlying trend is looking much healthier.

Group volume excluding oil in the third quarter has been running some 11 per cent higher than in the same period of 1980, or 2 per cent above the buoyant level of 1979. Continental Europe has seen the strongest performance, with volume 22 per cent up on a year earlier, while volume in the UK has recovered by 12 per cent over the year—although it is still 12 per cent below 1979.

Even without further volume gains, the benefits of cost cutting could push profits sharply ahead in 1982, from perhaps £320m this year. The problem divisions like fibres and plastics and petrochemicals, which should halve their rate of loss this year, could be breaking even next. Any significant volume gains would give an additional boost to profitability, although there may be a damper in the shape of the developing recession in the U.S. industry.

Against the £418m of 1979, this will be nothing to write home about, but the board may feel able to add a token 1p to last year's dividend and restore the level of 23p next year as cash begins to flow in, even though it will probably be poorly covered by current cost earnings. By the end of next year, ICI's manning levels should have moved into line with its German competitors. The shares rose 2p yesterday to 262p, where the prospective yield is 9.3 per cent on an unchanged dividend.

**Tanks**

There are at least two unsatisfactory features about the bid by Societe Generale de Belgique for Tanks. The first is that the Belgian group has not stuck to the rules of the Takeover Code. It did not have to, and its decision may not make that much difference to the outcome. But companies which want to use the London market should follow London's rules.

Why did the Belgians launch a market raid? Tanks' last balance sheet showed net assets of some £75m. Societe Generale has five directors or associates on the board, and so may not be entirely surprised to learn in a circular yesterday from the other Tanks' directors that a conservative estimate of the proper value is £96m, or 560p per share.

Although the bidder now has control, a determined minority could still frustrate its 450p per share terms. Tanks' directors have bowed out rather sheepishly, but Rea Brothers—which claims to advise around a tenth of the equity—is rallying the opposition.

**Coats Patons**

The dollar may at last be moving in Coats Patons' favour but volume is unfortunately travelling fast in the opposite direction. So, even after a £6m windfall on the dollar, profits before tax work out only 5.5 per cent higher at £28.1m in the half year to June. With only modest property gains in the pipeline, the full year should show some decline from the 1980 level of £66m.

Coats is still doing better than many of its competitors and shareholders would be unreasonable to expect any fireworks. After a 4½p fall to 62½p yesterday, the shares yield 9.4 per cent.

The bulk of 5 per cent volume decline has again come in Europe, where only the UK fashion business is making a worthwhile return. This leaves the onus on the U.S. where the group is spending heavily, and on Brazil. American earnings have a patchy history while Latin America is prey to inflation and violent currency movements. Sterling profits from Brazil showed some improvement in the half year despite a fall in volume; interest rates of 140 per cent and a dramatic devaluation of the cruzeiro. Coats has obviously learned to live with such problems but a dependence on Latin America for one-third of profits, which looks on the cards this year, would hardly be reassuring.

**Tilling/Berec**

The elusive white knight—in the shape of Thomas Tilling—arrived yesterday to snatch Berec from the clutches of Hanson Trust. A one for one recommended share offer (not underwritten for cash) is worth 134p per Berec share, a very worthwhile advance on Hanson's 114p convertible offer but still well below Berec's book net worth of 192p.

The knight has just enough unissued capital and the bid is just small enough in asset terms to save him the trouble of inviting his vassals to an EGM. His proclamation is a good deal friendlier than Hanson's—which had applied the word "abysmal" to Berec's record—and the Berec management will certainly feel more comfortable at Crewe House than in the draughtier corridors of Hanson headquarters.

Tilling's paper is less highly rated than Hanson's, and Berec shareholders are being offered a proportionately greater stake in the combined businesses. Indeed, Berec's current year profits forecast of £14m implies some dilution of Tilling's earnings, as the 12p fall in Tilling's share price yesterday recognised. However, Tilling argues that if Berec meets its internal forecasts for 1982 the dilution will be eliminated.

As for Hanson, it need be in no particular hurry to make its next move. The great thing from its point of view is that Berec has now put a price tag on its business. And Hanson is sitting on a paper profit of some £4½m.

Continued from Page 1

## BL

letter sent by Sir Michael to union leaders spelling out the closure and sacking threats had ensured that the dissatisfaction over the 3.8 per cent pay offer was turned into demands for strike action.

A senior steward at Cowley assembly plant said Sir Michael's call for a ballot would not be heeded. "He had a ballot on the pay offer last year, and they rejected it by two to one. He ignored that."

Mr Barry Tyson, a senior steward at Jaguar, said: "He's kicked us in the face for three years now, and the letter just kicked us too hard this time."

Mr Tyson said the Jaguar workers had voted for a strike by a substantial majority, and none now regretted doing so.

● Workers at Cowley and Longbridge, interviewed by local radio stations, overwhelmingly affirmed their determination

The unions were prepared to make concessions on their claim if the company would negotiate, but it had refused so far to do so.

Shop stewards on the negotiating body said the mood of carworkers had hardened and accused Sir Michael of completely misjudging the situation with his call for a secret ballot.

The BL board is expected to meet again in the middle of next week, by which time it may be able to asses whether to carry out its threat to recommend to the Government liquidation of plants affected by industrial action. It has said it will take this course if "there is widespread and financially damaging strike action.

The company was taking some comfort last night from indications that white collar workers were voting for the 3.8 per cent pay offer. About one third of BL's 18,000 office workers have voted to accept, with the majority still to vote today.

# Signetics seeks to delay salaries

BY LOUISE KEHOE IN SAN FRANCISCO

SIGNETICS, the California semi-conductor-making subsidiary of the Dutch Philips group, has asked 1,000 of its top engineers to consider accepting a deferment of payment of their salaries until the New Year.

The Signetics move is the second recent attempt by a major U.S. company in the deeply-troubled semi-conductor industry to protect shrinking profits by looking to its employees for financial savings.

Intel, the world's fourth largest producer of integrated circuits, has ordered engineers and managerial staff to work a 50-hour week instead of 40 hours at no extra pay.

In a further illustration of the growing pressures on the industry from fierce competition and heavy price discounting, National Semiconductor, the world's third largest chip manufacturer, has signed a technological exchange agreement with Wang Laboratories, a leading U.S. producer of word-processing computer systems.

Signetics is trying to ease its cash-flow problems by offering its top employees the option of postponing salary payments for the past 10 weeks of 1980-81 until the new tax year.

The company's personnel director claims that "this could be a tax benefit for some people," but most Signetics employees do not agree. Only 100 persons have taken up the company's offer.

Intel has ordered th e7 am to 6 pm working day for no extra pay in an attempt to accelerate development of new products. In the past three months, 20 per cent of the company's revenues and a high proportion of its profits came from products introduced in 1981, said Mr Gordon Moore, the Intel chairman.

Though large scale redundancies have so far been avoided in the semi-conductor industry, some major manufacturers are cutting down their workforces by natural wastage.

Others close unprofitable product development programmes and shed engineers who have specialised in these areas.

## Opec

Continued from Page 1

majority of other members' lowering theirs from $35-36. Thus there will be little change in the average price of a barrel of Opec oil. The outcome was a compromise in that Saudi Arabia had been seeking a lower differential than the $4 apparently agreed.

At the same time the more hard-line members of Opec—Iraq, Algeria, Libya and Iran—dropped their insistence that Saudi Arabia commit itself to cutting production.

The result may be regarded as a triumph for Saudi Arabia's determination to stabilise the price of oil at more or less what it considers to be a reasonable price.

**Martin Dickson Energy Correspondent, writes:** The Saudi increase to $34 a barrel is expected to be followed by a rise in the price of North Sea crude oil from $35 a barrel to around $37. These and other realignments will push up the costs of UK refiners.

The average pump price of a gallon of four star petrol is therefore likely to move to 170.5p to 171.5p a gallon. It will be the eighth price rise this year and will mean the cost of petrol has risen 28 per cent since the start of January, when four star stood at 134p a gallon.

If the latest crude oil cost increases were loaded entirely on to petrol it would mean price rises of 9p to 10p a gallon. But in the current competitive market conditions companies cannot attempt to do this and the increases seem certain to be spread across all products.

The upward movement in prices follows two months of bitter price war—the result of the worldwide oil glut—as companies have cut margins and brought back special financial support for their dealers in selected areas.

Continued from Page 1

## CBI

increase, confidence might have continued to rise.

"We are not facing a third dramatic turndown into recession following the two downturns of the past 18 months." Mr Cleminson said. But capacity will continue to be taken out and there will be more destocking."

Companies in many areas had been holding on to production facilities and labour during the summer, hoping that prospects would improve.

The CBI has tried to analyse how seriously the loss of industrial capacity will affect companies when business improves but have failed to reach firm conclusions.

However, Mr Cleminson warned that imports would be "sucked in because of the loss of capacity," especially in industries which did not have the funds to modernise during the recession.

## Weather

UK TODAY

BRIGHT at first in most places with rain spreading from SW.

**London, E., S.E., S. and N. England, Midlands, N. Wales, Scotland, N. Ireland.**
Bright at first, cloud and rain later. Max. 11C (52F).

**Channel Islands, S.W. England, S. Wales**
Cloudy, rain becoming more persistent.

**General outlook:** Dry and warmer in south. Some rain elsewhere.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 19 | 66 | L Ang † | Cl | 13 | 55 |
| Algiers | S | 27 | 81 | Luxmbg. | R | 9 | 48 |
| Amsdm. | C | 11 | 52 | Luxor | S | 36 | 97 |
| Athens | S | 23 | 73 | Madrid | S | 16 | 61 |
| Bahrain | F | 30 | 86 | Majorca | F | 21 | 70 |
| Barclna. | F | 19 | 66 | Malaga | S | 21 | 70 |
| Beirut | S | 26 | 79 | M'chstr. | F | 8 | 46 |
| Belfast | F | 7 | 45 | Melbne. | S | 21 | 70 |
| Belgrd. | S | 13 | 55 | Mx. C. | | — | — |
| Berlin | C | 9 | 48 | Miami† | F | 23 | 73 |
| Biarritz | F | 18 | 64 | Mdan | C | 10 | 50 |
| Bmghm. | S | 9 | 48 | Montreal | | — | — |
| Blackpl. | C | 8 | 46 | Moscow | C | 9 | 48 |
| Bordx | C | 16 | 61 | Munich | F | 11 | 52 |
| Boulgn. | F | 11 | 52 | Nairobi | F | 25 | 77 |
| Bristol | C | 11 | 52 | Naples | S | 17 | 63 |
| Brussels | C | 10 | 50 | Nassau | | — | — |
| Budpst. | S | 13 | 55 | Nwcstl. | S | 9 | 48 |
| Cairo | F | 30 | 86 | N. York | | — | — |
| Cardiff | F | 12 | 54 | Nice | F | 17 | 63 |
| Cas b'ca | S | 22 | 72 | Nicosia | S | 30 | 86 |
| Cape T. | | — | — | Oporto | S | 18 | 64 |
| Chicago | | — | — | Oslo | R | 4 | 39 |
| Cologne | R | 12 | 54 | Paris | C | 12 | 54 |
| Cpnhgn. | C | 9 | 48 | Perth | S | 23 | 73 |
| Corfu | S | 21 | 70 | Prague | C | 9 | 48 |
| Denver | | — | — | Reykjvk. | F | 2 | 36 |
| Dublin | F | 8 | 46 | Rhodes | F | 23 | 73 |
| Dbrvnk | S | 18 | 64 | Rio J'o† | | — | — |
| Ednbgh. | R | 5 | 41 | Rome | S | 19 | 66 |
| Faro | S | 20 | 68 | Salzbrg | F | 10 | 50 |
| Florence | C | 11 | 52 | S F cisc† | | — | — |
| Frankft | C | 12 | 54 | S. Moritz | | — | — |
| Funchal | C | 20 | 68 | Singapr. | | — | — |
| Geneva | F | 12 | 54 | S'tiago | | — | — |
| Gibraltar | S | 21 | 70 | Stckhm. | C | 5 | 41 |
| Glasgow | C | 7 | 45 | Strasbg. | C | 12 | 54 |
| G'rnsey | C | 11 | 52 | Sydney | S | 22 | 72 |
| Helsinki | R | 3 | 37 | Tangier | S | 23 | 73 |
| H Kong | S | 26 | 79 | Tel Aviv | S | 26 | 79 |
| Innsbrk | C | 6 | 43 | Tenerife | S | 24 | 75 |
| Invrnss. | C | 6 | 43 | Tokyo | R | 13 | 55 |
| I o.Man | F | 9 | 48 | Toronto† | | — | — |
| Istanbul | C | 16 | 61 | Tunis | F | 24 | 75 |
| Jersey | C | 13 | 55 | Valencia | S | 20 | 68 |
| Jo'burg | | — | — | Venice | S | 16 | 61 |
| L Plms. | F | 24 | 75 | Vienna | F | 13 | 55 |
| Lisbon | S | 20 | 68 | Warsaw | S | 10 | 50 |
| Locarno | F | 10 | 50 | Zurich | F | 11 | 52 |
| London | F | 12 | 54 | | | | |

C—Cloudy. Cl—Clear. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

# Japan asks ICL to underwrite deal

BY GUY DE JONQUIERES

THE Japanese authorities are insisting that ICL, Britain's leading computer manufacturer, provides financial guarantees of about £10um to underwrite its recent agreement in principle to collaborate with Fujitsu, the large Japanese electronics group.

The agreement, announced three weeks ago, is the centrepiece of the recovery strategy being charted by Mr Robb Wilmot, ICL's managing director. The strategy provides for co-operation in marketing, technology and semi-conductor purchasing.

The Japanese demand presents a major challenge to ICL, which is expected to report a loss of about £80m for its recently-ended financial year. Last March the company had to obtain a £200m government loan guarantee to enable it to continue borrowing.

The company's bank borrowings have risen steeply in recent months. If it is to meet the Japanese conditions it may have to seek an extension of the government guarantee which is due to expire in less than 18 months.

The demand is being pressed by Japan's Export-Import Bank, a government agency. It wants the guarantees as security in exchange for helping to finance the exports of large Fujitsu computers which ICL plans to market in Europe from 1983.

The position is further complicated by the recent international agreement to realign interest rates for export credits. Japan's Export-Import Bank raised its rates as a result of this agreement, although to levels still well below those charged by most Western Governments.

ICL is still negotiating with Fujitsu and Japan's Trade Ministry in an effort to relax the terms. It is also meeting its banks this week to discuss ways of meeting the conditions.

It is understood that Japan is insisting that part of the guarantees be funded by a Yen performance bond to be issued by ICL on the Japanese capital market. The remainder would be provided in the form of guarantees from major banks.

It is though that room can still be found within the existing government loan guarantee to cover a Yen issue, although this would have to be authorised by the Industry Department. But, with less than 18 months to run, the term of the government guarantee is considerably shorter than ICL's seven-year agreement with Fujitsu.

It remains uncertain, whether ICL's banks will be prepared to extend further support unless the Government increases its own commitments.

It is understood that ICL has not so far asked for a modification of the £200m guarantee arrangements.

The deal provides ICL, in return for agreeing to market Fujitsu computers, with early access to the Japanese group's computer technology. ICL would purchase substantial quantities of microchips.

Active collaboration between the two companies is not due to start until next year. ICL, however, needs to conclude the agreement formally before proceeding to the next stage of its capital restructuring.

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